

Small Cap Core

Portfolio Update: Fourth Quarter 2021

During the fourth quarter, the Small Cap Core Equity Composite (the "Strategy") increased +6.41%, gross of fees (+6.18%, net of fees), compared to a +2.14% increase for the Russell 2000 Index. For the year, the Strategy increased +25.60%, gross of fees (+24.55%, net of fees), compared to +14.82% for the Russell 2000.

	3 Months	YTD	1 Year	3 Years	5 Years	10 Years	Since Inception (Annualized)
Small Cap Core (Gross)	+6.41%	+25.60%	+25.60%	+24.57%	+15.56%	+14.52%	+12.39%
Small Cap Core (Net)	+6.18%	+24.55%	+24.55%	+23.41%	+14.48%	+13.42%	+11.28%
Russell 2000 Index	+2.14%	+14.82%	+14.82%	+20.02%	+12.02%	+13.23%	+8.96%

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 fourth quarter as well as year-to-date and over the life of the Strategy.

The Strategy seeks to deliver excess return by emphasizing company specific risk, where we believe our team has skill. The portfolio is diversified by sector and lifecycle to minimize sector and style risk. This allows stock selection to dominate excess return. The RMB Research Core team has done an exceptional job identifying businesses we want to own with high conviction over the life of the Strategy as evidenced by the 1, 3, 5, 10-year and since inception performance returns.

An outcome of our disciplined stock selection process is a portfolio bias tilted toward *higher quality* companies relative to the Russell 2000 Index. We have written a white paper about the benefits of investing in higher quality companies for the long term, but also try to educate our investors about periods where higher quality companies lag. The "quality" bias was a significant tailwind for the portfolio's performance last year and helped us deliver more alpha than our 300 basis points annual target.

We do not foresee tailwinds turning into headwinds and feel great about the companies we own in the Strategy.



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Contributors and Detractors

Contributors were dominated by companies that proved their capability to adapt to challenging business conditions, which impacted supply chains, input costs, and labor.

EastGroup Properties Inc. (EGP +37.40%) is an industrial REIT benefitting from being a part of the solution to the nation's supply chain challenges. Part of the supply chain problem is associated with "just-in-time" inventory techniques that businesses employ to run "lean," which may have gone too far. Some businesses ran so lean, they were caught short of inventory and are losing sales. EGP's network of strategically well-placed industrial assets provides storage solutions to businesses. These businesses will likely carry structurally higher inventory levels over time, even after the initial burst to re-stock pandemic related inventory deficits. EGP's blow out quarterly results and guidance reinforced this thesis and management has shown great skill, adaptability, and pricing power.

Pool Corp. (POOL +30.49%) is a skilled acquirer benefitting from its strategy to consolidate smaller distributors into its pool supply network. POOL was able to navigate labor challenges because of its generous training, inclusive culture and employee benefits. It was able to avoid supply chain challenges by increasing inventories and anticipating future shortages, thereby meeting its customers' needs better than the competition. And because POOL could deliver what customers needed, when they needed it, POOL was able to pass through price increases. POOL is a stellar example of how high managerial skill improves the odds of sustainable corporate performance, even in a challenging economic environment.

Devon Energy Corp. (DVN +26.51%) is a low-cost gas and oil producer that acquired our holding WPX Energy Inc. last year. DVN savvily acquired WPX when oil and gas prices were low and remains disciplined about capital spending and managing free cash flow to pay out and grow dividends. DVN is an ideal holding to hedge against inflation. It is very possible oil and gas prices may be headed secularly higher due to energy policies that discourage fossil fuel investment, while encouraging the transition toward greater reliance on renewable energy before the renewable energy complex is fully built out and capable of meeting the economy's energy needs. The crisis in Texas last winter was a canary in the coal mine. Additionally, the European Union classified natural gas and nuclear energy as "green" because their overreliance on solar and wind has left them literally "out in the cold." The world still needs oil and gas, but many of these companies are priced as if they are obsolete.

There was no common factor that dominated the detractors. Performance was mostly company specific.

NeoGenomics Inc. (NEO -29.27%) provides gene-based cancer testing, which is a requirement for clinical trials and personalized medicine. NEO is essentially a "one-stop shop" high-complexity oncology reference lab, able to offer customers a comprehensive low-cost, high-quality service menu spanning every major category within precision oncology testing. We have high conviction in NEO and anticipated the weak quarter, as the Delta variant delayed clinical trials and non-essential surgeries. The timing could not be worse, as NEO ramped up its sales force in anticipation of its launch of its RaDaR platform, which leapfrogs NEO into the liquid biopsy market. We are not expecting the next quarter to be any better but believe our patience will ultimately be rewarded with outsized longer-term gains.

Chart Industries Inc. (GTLS -16.55%) is in a position to benefit from the world's shift to natural gas as a preferred fossil fuel, as shown by its virtual pipeline to move it from places where natural gas is abundant to places where it is needed. Investments in new technologies are coming to market at just the right time, as demand for smaller modular liquified natural gas (LNG) systems replace large, expensive, complex baseload LNG trains. GTLS is notorious for its lumpy business model and

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FOURTH QUARTER 2021 CONTRIBUTION REPORT

Ranked by Basis Point Contribution

	Basis Point Contribution	Return
Top Contributors		
EastGroup Properties Inc.	+116	+37.40%
Pool Corp.	+79	+30.49%
Devon Energy Corp.	+74	+26.51%
Eagle Materials Inc.	+53	+27.11%
Omnicell Inc.	+47	+21.57%
Bottom Detractors		
NeoGenomics Inc.	-65	-29.27%
Chart Industries Inc.	-35	-16.55%
Repligen Corp.	-30	-8.31%
Zseventy Bio Inc.	-29	-80.77%
CatchMark Timber Trust Inc.	-26	-26.08%

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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is subject to volatility around its quarterly results. This quarter was one of those quarters where push outs and rising input costs negatively impacted results. We believe in the long-term thesis but recognized the near-term volatility, so we trimmed late last quarter, above \$190, and would look to add again at the right price.

Repligen Corp. (RGEN -8.31%) has been mentioned several times over the last few years as a contributor. RGEN is one of our “pick and shovel” plays within our biotech playbook and we believe it will deliver phenomenal results as its biologic purification monopoly continues to exceed expectations. We believe underperformance is driven by short-term investors that are selling the biotech sector and buying the “re-opening” sectors as the impact of COVID has peaked. We remain long-term bullish on RGEN but have trimmed our position, given its current valuation and position size within the portfolio.

Portfolio Activity

We initiated a new position in UMH Properties Inc. (UMH) this quarter. UMH is an affordable housing play, leveraging new, low-cost modular housing technology. UMH has long believed that they have an obligation to create sustainable and environmentally friendly communities that have a positive societal impact. UMH communities are known as Land-Lease communities, housing developments where a resident owns or rents a home and leases the lot underneath the home from the landowner. The Land-Lease arrangement allows a resident to experience the privacy and independence of a single-family home without tying up funds in the purchase of land. Most communities have social and recreational amenities that may include community clubhouses, playgrounds, swimming pools, basketball/tennis courts, fitness centers, and storage facilities. UMH is well positioned to benefit as it meets a crucial need for affordable housing. UMH was a top new idea exiting our third quarter quarterly REIT review, and we patiently awaited an attractive entry point after an intra-quarter sell-off.

Additionally, we topped off several names in our “biotech basket,” Intellia Therapeutics Inc. (NTLA), CRISPR Therapeutics AG (CRSP), and Editas Medicine Inc. (EDIT), as they have been significantly oversold, due to deteriorating sentiment toward the group as the market has started to shift its attention to re-opening plays and away from perceived COVID beneficiaries, like biotech. We topped off Q2 Holdings Inc. (QTWO) and Sonos Inc. (SONO) which both had very strong, thesis-confirming quarters, whose position sizes were below our level of conviction.

To fund these purchases, we sold Investors Bancorp Inc. (ISBC), which was acquired by Citizens Financial. We trimmed Repligen Corp. (RGEN) and Fair Isaac Corp. (FICO) which had become outsized larger contributors to company specific risk. We sold CatchMark Timber Trust Inc. (CTT) and bluebird bio Inc. (BLUE) for thesis violations.

Portfolio activity for the year was very low, given our comfort level with what we own and how the portfolio was positioned within our risk control parameters. Annual turnover was 7.05%, which is at the lower end of our trading history.

Outlook

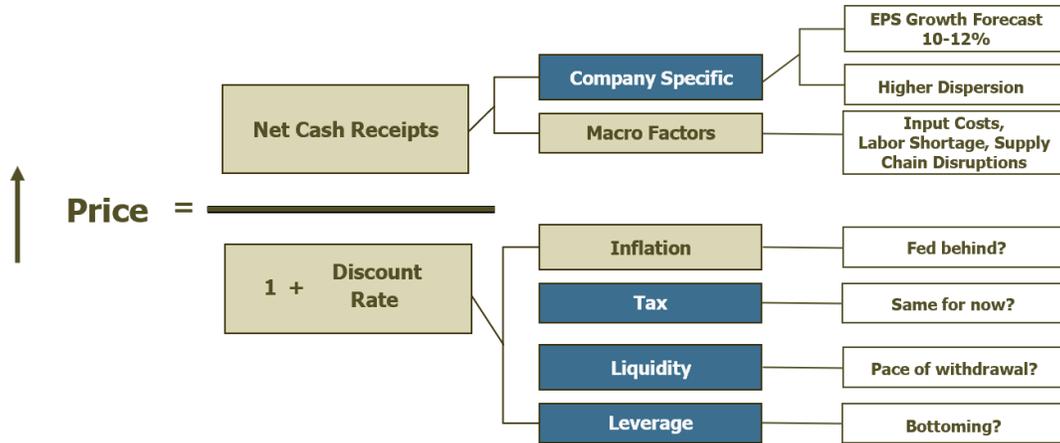
We do not expect another 24+% return next year, but we did not expect one last year either. Last year, many investors (including us) underestimated the adaptability of corporate America and underestimated the rebound in earnings. Even with high market P/E, earnings grew faster than most analysts had forecast. Stock prices responded positively to better-than-expected earnings. In other words, earnings risk was mispriced. Fundamental reports illuminated mispricing and prices responded with better-than-expected returns.

The pricing equation is a simple way to think about all the risks that influence price levels, and there are a lot of them as we peer into 2022.



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Exhibit 1. The Pricing Equation



Source: RMB Capital

Company Specific: Forward-looking earnings growth forecasts appear to be around 10-12%, which should support equity prices unless they turn out to grow less than that.

Macro: Supply chains appear to be loosening up, housing demand remains strong, input costs appear to be settling down, labor supply is slowly grinding higher, so while GDP growth is decelerating, it should remain positive for 2022.

From a numerator perspective, equity prices appear well-suited for further gains, but what about the denominator?

Inflation: The Fed has asked that we stop using the term “transitory,” as it relates to inflation. This seems to be an admission that it is behind the curve and is unsure what to expect. The bond market is pricing in an expectation that there is little sustainable inflation risk. If the bond market is correct, then the discount rate will remain low and supportive of equity valuations. If the bond market has mispriced inflation risk, then equity valuations could be vulnerable to a correction. Unfortunately, we do not have any better information than the bond market to forecast anything different.

Tax: At the time of this writing, Build Back Better legislation, which included increases to investor capital gains tax rates, is barely on life support. As of today, we do not anticipate any changes to the tax premium imbedded in the current discount rate, which is supportive of equity valuations.

Liquidity: The Federal Reserve has been very open about its transition, from providing excess liquidity through quantitative easing (QE) and negative real interest rates toward neutral liquidity through tapering and raising rates. So far, the Fed has done a great job of threading the needle, but the last time the Fed tapered, it was a headwind for equity markets. Markets seem to be pricing this in, as less liquid small caps have underperformed more liquid large cap stocks. This risk might be the most difficult for markets to price right, since the withdrawal of this much excess liquidity is so rare, and both the Fed and the markets are feeling their way through normalization. This should be neutral to equity valuations, but risks are to the downside at this point in the cycle. The Strategy’s quality bias may be a tailwind for excess return in this scenario

Credit Risk: Credit spreads remain near historic lows, which is consistent with a steadily growing economy, minimal inflation risks and adequate liquidity.

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In summary, the market appears priced for strong earnings growth, supported by decent GDP growth, with seemingly very little risk that inflation remains high, and guarded by a Federal Reserve willing to provide liquidity when needed. If that is what we get in 2022, it should be another good year for equities, where company specific risk is rewarded through wider dispersion and another good year for active managers, who are on the right side of dispersion.

Our outlook is that more things can happen than will happen. We are mindful that markets exist to price risk, not deliver returns. Excess returns are an outcome of proper identification of mispriced risk. So, given that markets price risk, it seems that today the market sees very little. The contrarian in us suggests that the numerator and denominator are more vulnerable to negative shocks (mispriced risk) today than they were last year but admit we have not proven skill in identifying mispriced risk at the macro level. Our skill is in identifying mispriced risk at the company specific level. From that perspective, we continue to feel great about the companies we own in the Strategy and believe our dual diversification portfolio construction process handles many of the unforecastable macro risks that are so hard to get right.

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 contact us.

Sincerely,



Chris Faber
Portfolio Manager

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TOP TEN HOLDINGS AS OF 12/31/21

Company	% of Assets
EastGroup Properties Inc.	4.06%
West Pharmaceutical Services Inc.	3.47%
Pool Corp.	3.33%
Devon Energy Corp.	3.30%
Catalent Inc.	2.77%
TriCo Bancshares	2.77%
Kadant Inc.	2.74%
American Financial Group Inc.	2.61%
Repligen Corp.	2.60%
Monolithic Power Systems Inc.	2.57%

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 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.

Alpha, used in finance as a measure of performance, is the excess return of an investment relative to the return of a benchmark index.

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

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

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. Effective November 2021, Jeff Madden is no longer a portfolio manager for the strategy. There is no change to the strategy's investment process.

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.*

