SMID Cap Core

Portfolio Update: Fourth Quarter 2021

During the fourth quarter, the SMID Cap Core Equity Composite (the "Strategy") increased +8.65%, gross of fees (+8.46%, net of fees), outperforming the +3.82% increase for the Russell 2500 Index. For the year, the Strategy increased +29.37%, gross of fees (+28.50% net of fees) compared to +18.18% for the Russell 2500.

	3 Months	YTD	1 Year	3 Years	5 Years	10 Years	Since Inception (Annualized)
SMID Cap Core (Gross)	+8.65%	+29.37%	+29.37%	+29.23%	+18.87%	+15.57%	+11.44%
SMID Cap Core (Net)	+8.46%	+28.50%	+28.50%	+28.26%	+17.93%	+14.60%	+10.48%
Russell 2500 Index	+3.82%	+18.18%	+18.18%	+21.91%	+13.75%	+14.15%	+10.20%

Inception date: March 31, 2004. Please see important disclosures at the end of this document. Past performance is not indicative of future results, and there is a risk of loss of all or part of your investment.

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 three and five year time periods 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 2500 benchmark. 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.

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FOURTH QUARTER 2021 CONTRIBUTION REPORT
Ranked by Basis Point Contribution

	Basis Point Contribution	Return
Top Contributors		
EastGroup Properties Inc.	+87	+37.40%
Eagle Materials Inc.	+57	+27.11%
Devon Energy Corp.	+46	+26.51%
Martin Marietta Materials Inc.	+42	+29.12%
Old Dominion Freight Line Inc.	+42	+25.39%
Bottom Detractors		
Repligen Corp.	-29	-8.34%
Editas Medicine Inc.	-17	-35.42%
CRISPR Therapeutics AG	-16	-32.92%
Roku Inc.	-16	-27.21%
NeoGenomics Inc.	-15	-29.27%

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.

Eagle Materials Inc. (EXP +27.11%) is a high-quality construction material company, supplying cement and wallboard in the U.S. The company has benefited from the recent tightness in both the cement and wallboard end-markets, as the industry has experienced increasing capacity constraints with limited scope for capacity additions, which resulted in a very favorable pricing environment and pricing power for EXP. The company managed to implement a series of pricing increases, which not only combat the widespread inflation and supply disruption headwind, but also improved margin on the net basis. In addition, the company's strategic decision to control almost all the important raw materials is another big boost for its success in the current environment. Additionally, EXP is heavily exposed to the infrastructure construction end-market, which should be a very favorable demand driver in the next few years, per the passage of recent legislation.

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.

The common factor for the detractors was early-stage Rockets, particularly among our biotech holdings. Rockets declined this quarter and early stage (those with no earnings but large market potential) were particularly hard hit. The biotech industry in general was a notable underperformer in the fourth quarter due to a variety of factors. This includes a sell-off in long duration assets, given concerns about inflation and rising interest rates, rotation from growth to value, negative clinical trial results, outflows from ARK Investment Management (one of the largest shareholders in a handful of biotechs). All of these factors weighed on two of our biotech holdings during the quarter, Editas Medicine Inc. (EDIT -35.42%) and CRISPR Therapeutics AG (CRSP -32.92%). Despite the recent underperformance, we still have high conviction in the future potential of gene editing.

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Repligen Corp. (RGEN -8.34%) 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.

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.

Portfolio Activity

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 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 Sonos Inc. (SONO), which had a very strong, thesis-confirming quarter, whose position size was below our level of conviction. We also increased holdings in Webster Financial Corp. (WBS), Columbia Sportswear Co. (COLM), Avery Dennison Corp. (AVY), and ROKU Inc. (ROKU).

We trimmed Repligen Corp. (RGEN) which had become an outsized larger contributor to company specific risk. We also sold CyrusOne Inc. (CONE), which was acquired by KKR & Co. Inc. for its global infrastructure fund. We sold bluebird bio Inc. (BLUE) for thesis violations.

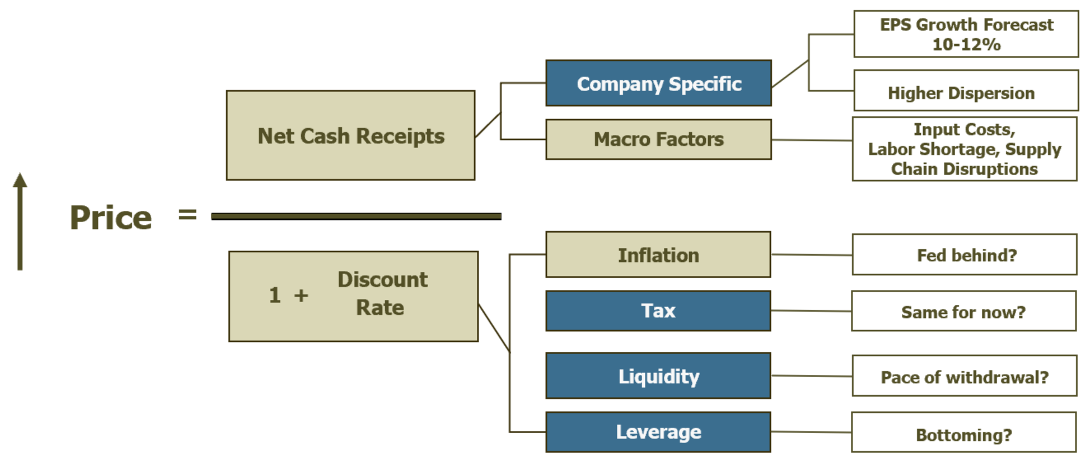
Portfolio activity for the year was very low, given our comfort level with what we own and how the portfolio was positioned within our risk control parameters. Annual turnover was 9.09%, which is at the lower end of our trading history.

Outlook

We do not expect another 28+% 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.

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

TOP TEN HOLDINGS AS OF 12/31/21

Company	% of Assets
EastGroup Properties Inc.	2.94%
West Pharmaceutical Services Inc.	2.86%
Bio-Techne Corp.	2.61%
Pinnacle Financial Partners Inc.	2.56%
Copart Inc.	2.54%
Repligen Corp.	2.54%
Eagle Materials Inc.	2.49%
ServisFirst Bancshares Inc.	2.43%
Catalent Inc.	2.43%
American Financial Group Inc.	2.42%

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 2500 Value Index tracks the performance of companies with lower price-to-book ratios, which shows a company’s market price relative to its balance sheet. The Russell 2500 Growth Index is a subset of companies with higher price-to-book ratios, or those expected to have higher growth values in the future.

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

SMID Cap Core Composite // GIPS Report

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 SMID Cap Strategy product reflects the performance of fully discretionary fee-paying equity accounts, which have an investment objective of long-term growth that target investments in companies with relatively small market capitalizations (generally between $500 million and $10 billion at the time of initial purchase), that are undervalued as suggested by RMB Capital's proprietary economic return framework. For comparison purposes is measured against the Russell 2500 index. The inception date of the SMID Cap Composite is March 31, 2004 and the Composite was created on March 31, 2004. 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

		Composite Assets		Annual Performance Results					
Year End	Total Firm Assets* as of 12/31 ($M)	USD ($M)	# of Accounts Managed	Composite Gross-of-Fees (%)	Composite Net-of-Fees (%)	Russell 2500 (%)	Composite 3-YR ST DEV (%)	Russell 2500 3-YR ST DEV (%)	Composite Dispersion (%)
2020	5,240.59	269.42	<5	25.78	24.88	19.99	21.75	24.21	0.00
2019	4,947.90	178.96	<5	32.61	31.50	27.77	13.52	14.58	0.98
2018	4,196.90	175.89	<5	-4.12	-4.91	-10.00	13.24	14.10	0.14
2017	3,610.61	310.59	5	14.68	13.67	16.81	10.64	12.14	0.28
2016	NA	448.67	9	13.33	12.33	17.59	12.04	13.67	0.23
2015	NA	775.77	9	0.07	-0.82	-2.90	11.47	12.42	0.21
2014	NA	994.30	8	4.74	3.81	7.07	11.03	11.67	0.28
2013	NA	1,712.59	16	32.46	31.30	36.80	15.06	15.63	0.15
2012	NA	1,612.27	26	13.84	12.83	17.88	17.78	18.97	0.09
2011	NA	1,427.15	30	-1.75	-2.64	-2.50	20.98	23.40	0.13

*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 0.90% of assets annually, which is also the 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 (0.90% on an annual basis, or 0.075% monthly) on a monthly basis from the gross composite monthly return, and the resulting monthly net figures are compounded to calculate the annual net return. 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 SMID Cap Core Composite is currently $2.0 million. Prior to January 1, 2015, the composite excluded portfolios under $5.0 million.*

***Comparison with Market Indices** | RMB compares its Composite returns to a variety of market indices. These indices represent unmanaged portfolios whose characteristics differ from the Composite portfolios; however, they tend to represent the investment environment existing during the time period shown. The returns of the indices do not include any transaction costs, management fees, or other costs. Benchmark returns presented are not covered by the report of independent verifiers. The benchmark for the SMID Cap Core composite is the Russell 2500 Index, which for comparison purposes is fully invested and includes the reinvestment of income. The Russell 2500 is a subset of the Russell 3000, including approximately 2500 of the smallest securities based on their market cap* *and current index membership. The index does not reflect investment management fees, brokerage commissions, or other expenses associated with investing in equity securities. You cannot invest directly in an index.*

***Other** | Past performance is no guarantee of future performance. Historical rates of return may not be indicative of future rates of return. Individual client performance returns may be different that the composite returns listed. 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.*