Small Cap Core

Portfolio Update: Fourth Quarter 2022

During the fourth quarter ending December 31, 2022, the RMB Small Cap Core Equity Composite (the "Strategy") returned +4.83%, gross of fees, (+4.61%, net of fees), compared to a +6.23% for the Russell 2000® Index.

	3 Months	YTD	1 Year	3 Years	5 Years	10 Years	Since Inception (Annualized)
Small Cap Core (Gross)	+4.83%	-23.96%	-23.96%	+4.47%	+7.01%	+9.95%	+10.55%
Small Cap Core (Net)	+4.61%	-24.60%	-24.60%	+3.56%	+6.04%	+8.91%	+9.47%
Russell 2000® Index	+6.23%	-20.44%	-20.44%	+3.10%	+4.13%	+9.01%	+7.53%

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. Data as of December 31, 2022. RMB Capital acquired the composite by combining with IronBridge Capital Management on June 24, 2017. Composite performance prior to that date was achieved by IronBridge Capital Management. Refer to important information regarding performance and fees at the end of the document.

The quarter extended a year of extreme volatility. We believe above average volatility is primarily an outcome of two conditions. First, less liquidity as the Federal Reserve continues to reduce its balance sheet and raise rates at a record pace to get inflation down to its 2% target. Second, investor uncertainty around how to price inflation, recession, and earnings risks. The fourth quarter ended up on the right side of volatility as inflation shows signs of peaking, the economic data continue to surprise on the upside and earnings continue to come in stronger than expected.

According to our data, 57% of companies in the Russell 2000® Index met or exceeded earnings expectations, while 60% met or exceeded sales. Our portfolio of companies performed even better with 70% meeting or exceeding earnings expectations, and 68% meeting or exceeding sales expectations. We anticipated that if inflation and economic data came in better than expected that the market could increase and the portfolio's "quality cyclicals" that were priced for a recession would drive excess return. We did indeed experience that outcome. The market rose and portfolio return was led by our quality cyclicals, particularly among our Consumer Discretionary, Financial, Materials and REIT holdings. However, we did not anticipate the extreme downside volatility from our healthcare holdings, which is the major reason the portfolio lagged by 152 basis points this quarter.

This year value outperformed growth by 20%.[1] This hasn't happened since 2000. Our portfolio lifecycle diversification kept us pretty well balanced between growth and value but we were about 300 basis points tilted toward growth and a bit higher on a volatility adjusted basis as the volatility increased among our life sciences holdings. To be clear, the growth factor was not much of a headwind, but the company specific performance of our life science holdings was, which we will address further below.

Contributors and Detractors

All five of the top contributors can be described as "quality cyclicals."

Fair Isaac Corp. (FICO) helps businesses improve credit decisions by offering tools that automate and connect decisions across business units. These tools help customers increase loyalty and profitability, cut fraud losses, manage credit risk, and meet regulatory and competitive demands. FICO also helps millions of individuals manage their credit health through its www.myFICO.com website. We have owned FICO since 2016 believing that Will Lansing, CEO, would drive an innovation renaissance within FICO and transform the business from a utility-like mature business with recurring revenue into a more dynamic growth company. The thesis is playing out and this quarter's results convinced the doubters as FICO handily beat expectations demonstrating pricing power and margin improvement.

[1] Source: RMB Capital, Russell 3000® Value Index vs. Russell 3000® Growth Index annual returns 12/31/79 – 12/31/22.

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Eagle Materials Inc. (EXP) is a producer and manufacturer of cement, concrete, and gypsum wallboard benefitting from positive supply demand dynamics. This is a classic value creation holding where supply is constrained by years of government regulation restricting new capacity. Increased demand for infrastructure spending positions EXP very well as a low-cost producer with pricing power and rising margins. Exceptional quarterly results confirmed pricing power and margin improvement, generating enthusiasm for the company and moving it towards fair value.

Valmont Industries Inc. (VMI) manufactures metal structures sold into the agriculture and infrastructure end markets. Its management team is operationally skilled and has been able to maintain double digit economic returns while facing cyclical headwinds. Now that these headwinds have become tailwinds, VMI is poised to improve margins and Return on Investment (ROI) and increase shareholder value. Recent quarterly results confirmed our thesis with margin and sales expectations ahead of consensus as well as a record order backlog confirming strengthening tailwinds.

Portfolio detractors were concentrated in the healthcare sector - more specifically, among our companies benefiting from the biotech revolution. We have been investing in this theme since 2000 when we were early investors in Illumina, which was the first company to decode the human genome. At that time, it cost $5 billion to decode a human genome and we remember when Jay Flatley (founder of ILMN) predicted the cost would drop to $100 per person over the next 20 years. Back then he predicted that rapidly declining costs for genetic decoding would fuel massive innovation and a boom in new drug discovery. Over the last 20 years, we have invested and participated in what we believe are still the early innings of this theme, which is uniquely concentrated in the small cap space. As Jay Flatley predicted, the falling cost of genetic decoding has given birth to new therapeutic classes such as gene editing, mRNA, immunotherapy, targeted antibodies, and antibody drug conjugates. These new therapeutic classes are already saving lives that would be lost to malicious diseases only a decade ago. The life sciences companies we own are enabling record-breaking drug discoveries and have contributed to longer term excess return for our portfolio. Unfortunately, we gave back a lot of last year's excess performance in the healthcare sector as these companies have been lumped into what is being termed the biotech bubble. And while we certainly believe there are a lot of busted bubbles out there that will not recover, we do not believe that biotech is one of them. Rather, biotech reminds us of the "internet bubble" of 1999 where world changing businesses rose from the ashes of the ".com tech bust" to give birth to the internet revolution and innovation machines like Amazon, Google, Netflix, Salesforce, and Facebook to name a few. Our life sciences and biotech holdings took a beating along with many other growthier names this quarter and year. Peak fundamentals from the Covid tailwinds were exacerbated on the downside due to supply chain issues, labor issues and tough comps. The momentum investors sold en masse and Omnicell Inc. (OMCL), Repligen Corp. (RGEN), Catalent Inc. (CTLT), and CRISPR Therapeutics AG (CRSP) experienced significant underperformance. We are playing the long game and still have high conviction in these names. We expect the first half of the year to continue to be a headwind for these holdings, but comps get much easier after the second quarter and we expect forward-looking investors to eventually recognize the value in these names. We have no problem staying patient and are reminded of Warren Buffett's words, "The stock market is a device for transferring money from the impatient to the patient."

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FOURTH QUARTER 2022 CONTRIBUTION REPORT
Ranked by Basis Point Contribution

	Basis Point Contribution	Average Weight
Top Contributors		
Fair Isaac Corp.	+94	2.62%
TriCo Bancshares	+67	4.95%
Eagle Materials Inc.	+66	3.13%
Valmont Industries Inc.	+58	2.97%
Visteon Corp.	+56	2.94%
Bottom Detractors		
Omnicell Inc.	-81	1.40%
Catalent Inc.	-80	1.70%
Chart Industries Inc.	-66	1.39%
Repligen Corp.	-32	3.07%
CRISPR Therapeutics AG	-29	0.59%

Past performance is not indicative of future results, and there is a risk of loss of all or part of your investment. The above does not represent all holdings in the Strategy. Holdings listed might not have been held for the full period. To obtain a copy of RMB's calculation methodology and a list of all holdings with contribution analysis, please contact your service team. The data provided is supplemental. Please see important disclosures at the end of this document.

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Portfolio Activity

Higher volatility created more opportunities to trim outsized winners, harvest tax losses for lower conviction names, and increase weights in higher conviction names. We trimmed big winners: Devon Energy Corp. (CRS), Stock Yards Bancorp Inc. (SYBT), Carpenter Technology Corp. (CRS), Badger Meter Inc. (BMI), Essential Properties Realty Trust Inc. (EPRT), Kadant Inc. (KAI), TriCo Bankchares (TCBK), EastGroup Properties Inc. (EGP), Visteon Corp. (VC), and Eagle Materials Inc. (EXP). We tax-loss harvested Guidewire Software Inc. (GWRE) and Sonos Inc. (SONO). We sold Chart Industries Inc. (GTLS) because they paid too much and bet the firm on an acquisition of Howden at the top of the cycle using massive amounts of leverage right as interest rates were going up. This was not part of our positive thesis, so we sold the shares. We added to Matador Resources Co. (MTDR), a founder led low-cost oil producer with undervalued mid-stream assets. Additionally, Matador is using significant free cash flow to reduce debt. We added to Range Resources Corp. (RRC), an undervalued natural gas producer poised to benefit from long-term increasing demand for cleaner burning cheap fossil fuel.

Outlook

Volatility is likely to remain elevated as the market tries to price inflation, recession, and earnings risks. All three risks are elevated and highly uncertain with what we believe is an equally probable bullish or bearish outlook.

The bearish outlook is based on a belief that all three risks are currently mispriced – too optimistically. Bears are betting inflation will remain above the Fed's 2% target. Getting below 4% will be difficult due to a tight labor market and trillions of dollars in new government spending creating excess demand while supply chains are still trying to adapt to a post-Covid world. Thus, the Federal Reserve would have to raise rates higher than the market is expecting - and for longer - to reduce demand. This leads to the second mispriced risk related to recession. While many investors, economists, and CEOs concede a recession is likely in 2023, there is little consensus around how deep or long it might last. The Bears argue the Fed cannot hit their 2% target without causing a deep recession, much deeper than currently implied by earnings estimates, which brings us to   the third mispriced risk. Earnings estimates are forecast to decline 9%, but a typical recession results in about a 20-30% decline. A deep recession could result in earnings declines of greater than 30%, which is not priced in. As we handicap the downside to the Bear argument, we estimate the market could drop another 30-40% if the real discount rate approaches past bear market peak levels to fully reflect the Bears' inflation, economic and earnings risks.

The bullish outlook is based on the belief that all three risks are mispriced – too pessimistically. The Bulls argue inflation has peaked and is coming down rapidly. Several commodities have come down to pre-inflation levels, for example lumber oil and natural gas. As it relates to recession risk, when many CEOs expect one, the only way to surprise anyone is if there isn't one! Economic data continues to surprise on the upside. The Infrastructure Bill and the Inflation Reduction Act, reshoring by corporate America, and a strong labor market all point to either no or a modest recession. The housing market is already in deep recession, yet the housing stocks have stopped going down indicating a lot of bad news is priced in, including further negative earnings revisions. Bulls also believe that if they are wrong, meaning the economy rapidly transitions into a hard landing, that the Fed will capitulate and lower interest rates, start buying debt and ignite another "risk on" bull market. Heads I win. Tails you lose.

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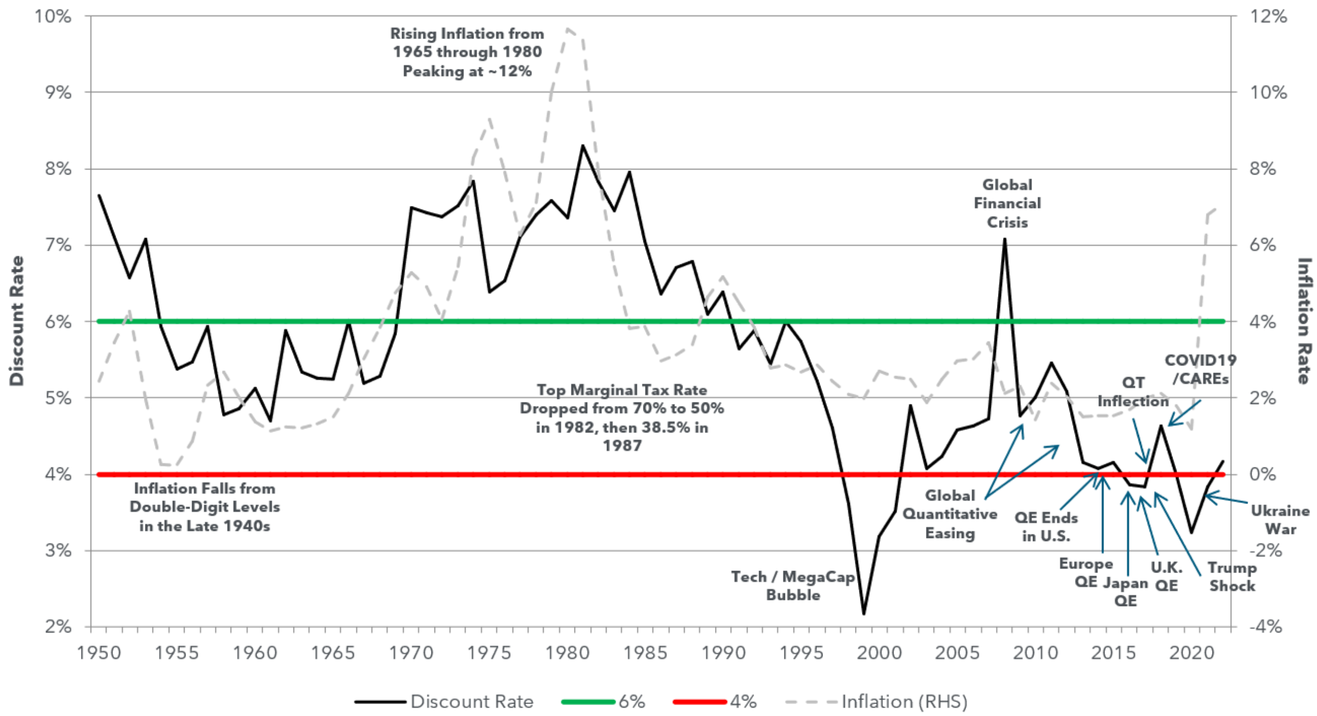
Exhibit 1. Discount Rate History



Source: Credit Suisse HOLT ValueSearch and RMB Asset Management Research Core (Data Date: December 31, 2022)

Unfortunately, we don't know which is more likely, but suspect there will be a tug of war between the Bulls and the Bears leading to another volatile year as the market digests data on inflation, the economy, and earnings. Our portfolio dual diversification construction process recognizes the axiom that more things can happen than will happen. We seek to own great companies that can create value over the long term with a portfolio constructed in a way that can perform well even when factor volatility increases.

Sincerely,

Chris Faber
Portfolio Manager

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TOP TEN HOLDINGS AS OF 12/31/22

Company	% of Assets
TriCo Bancshares	4.38%
Seacoast Banking Corp. of Florida	3.94%
Valmont Industries Inc.	3.41%
Repligen Corp.	3.15%
PTC Inc.	3.09%
Exponent Inc.	3.03%
Devon Energy Corp.	3.02%
EastGroup Properties Inc.	3.00%
Curtiss-Wright Corp.	2.97%
American Financial Group Inc.	2.83%

Holdings are subject to change. Past performance is not indicative of future results, and there is risk of loss of all or part of your investment. The data provided is supplemental. Please see disclosures at the end of this document.

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An investment cannot be made directly in an index. The index data assumes reinvestment of all income and does not bear fees, taxes, or transaction costs. The investment strategy and types of securities held by the comparison index may be substantially different from the investment strategy and types of securities held by the strategies. The benchmarks are shown for comparison purposes and are fully invested and include the reinvestment of income. The Russell 2000® is a subset of the Russell 3000® Index, representing about 8% of the total market capitalization of that index. It includes approximately 2000 of the smallest securities based on a combination of their market cap and current index membership. The Russell 2500® is a subset of the Russell 3000®, including approximately 2500 of the smallest securities based on their market cap and current index membership. The strategies include small- to mid-cap equity portfolios. The strategies may target investments in companies with relatively small market capitalizations (generally between $500 million and $10 billion at the time of initial purchase), that are undervalued as suggested by RMB Capital's proprietary economic return framework. The S&P 500 is widely regarded as the best single gauge of the United States equity market. It includes 500 leading companies in leading industries of the US economy. The S&P 500 focuses on the large cap segment of the market and covers approximately 75% of US equities. The Russell 2000® Value Index tracks the performance of companies with lower price-to-book ratios, which shows a company's market price relative to its balance sheet. The Russell 2000® Growth Index is a subset of companies with higher price-to-book ratios, or those expected to have higher growth values in the future.

Basis Point (bps): A unit that is equal to 1/100th of 1% and is used to denote the change in a financial instrument.

RMB Asset Management

Small 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

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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, 2020. 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 Core Strategy product reflects the performance of fully discretionary 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

		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 2000® (%)	Composite 3-YR ST DEV (%)	Russell 2000® 3-YR ST DEV (%)	Composite Dispersion (%)
2021	6,277.61	141.63	<5	25.60	24.55	14.82	20.18	23.35	0.00
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

**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. RMB Capital acquired the composite by combining with IronBridge Capital Management on June 24, 2017. Composite performance prior to that date was achieved by IronBridge Capital Management.*

Annualized Returns as of 12/31/2021	1 Year	5 Years	10 Years
Strategy (net of fees)	+24.55%	+14.48%	+13.42%
Russell 2000® Index	+14.82%	+12.02%	+13.23%

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 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.*