

Innovators

Portfolio Update: Second Quarter 2023

During the second quarter ending June 30, 2023, the Innovators Composite (the "Strategy") returned +23.81%, gross of fees (+23.48%, net of fees), compared to +5.59% return for the Russell 2500® Software and Computer Services Index (the "Benchmark").

	3 Months	YTD	Since Inception
Innovators (Gross)	+23.81%	+43.76%	+11.28%
Innovators (Net of IM fees)*	+23.48%	+43.03%	+10.39%
Innovators (Net of IM & WM Fees)	+23.19%	+42.34%	+9.37%
Russell 2500® Software and Computer Services Index	+5.59%	+15.39%	+3.04%

*Inception date: July 31, 2022. *Note: Investment management fees are charged after a full quarter of performance, so there will be no difference in gross/net IM fees performance until that time. Please see the fee schedule listed below.*

Performance for periods of greater than one year is annualized. 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 6/30/2023. Investment management (IM) fees are charged for managed investment accounts, is intended to compensate the portfolio managers for their time and expertise for selecting investments and managing the specific strategy as well as other items, such as investor relations expenses and the administration costs. Wealth management (WM) fees are charged to cover the construction and management of a portfolio and the holistic wealth management services that a client has chosen beyond their investments including, but are not limited to, estate planning, tax strategies (and related services), risk management, financial planning, retirement planning, investment advice, and insurance/banking oversight services. These fees vary by client and for this presentation the highest possible wealth management fees has been applied in these calculations.

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Stocks overall pressed modestly higher despite conflicting data around inflation, economic growth, and corporate profits. The cloud software group from which the Innovators holdings are selected rose +5.1%, approximately inline with the broad market. Cloud software group valuations expanded and fundamentals remained fairly stable. This performance extended the group's +45.0% recovery from its November 2022 bottom. Recall that this bottom occurred following an historic -60.0% decline from all-time highs in November 2021, when the U.S. Fed pivoted to accelerate tapering of stimulus amid persistently high inflation readings. During this time, material increases in interest rates negatively impacted cloud software valuations while a slowing demand environment created some moderate headwinds to earnings and revenues.

Innovators

Contributors and Detractors

Contributors benefitted from improving trends in public cloud computing consumption and stabilizing spending by SMBs (small-to-medium sized businesses).

MongoDB Inc. (MDB) provides a next-generation, non-relational database to companies of all sizes around the world in a cloud-based, on-premises, or hybrid environment. The company reported upbeat Q1 results in June driven by improved cloud services consumption trends. This marked an inflection from five straight prior quarters of macro headwinds and depressed data consumption activities by its customers. Looking ahead, MDB is expected to benefit from the proliferation of generative AI applications which drive usage of its cloud-based data platform. The stock has nearly doubled YTD but we think there is still plenty of room for continued fundamental recovery, as cloud services consumption headwinds continue to abate.

BILL Holdings Inc. (BILL) provides cloud-based software used by SMBs worldwide to simplify, digitize, and automate back-office financial operations. The company reported a better-than-feared quarter in May, with the key metrics like transaction volumes and take rates recovering swiftly from the previous quarter's weakness due to macro headwinds. More importantly, SMB spending started to show signs of stabilization, which supports the continued recovery of these metrics in the near term. We think the management team has executed well in a challenging macro environment and that the stock should continue to outperform in a more favorable macro environment going forward.

Detractors saw more modest seat expansion at existing customers and cautious demand trends in their specific vertical markets.

Atlassian Corp. (TEAM) provides a range of tools and solutions to help teams collaborate, plan, track, and deliver their work effectively. The company reported a small beat on revenue growth and very resilient profitability metrics, however, the management team once again guided down the next quarter's Cloud segment revenue growth due to worsening macro conditions, which resulted in slower paid seat expansion at existing customers, slower free-to-paid conversions, and decreasing seat counts. We believe that the company is taking a prudent approach to appropriately lower growth expectations due strictly to macro factors. We still have a positive view on its key company-specific considerations of transitioning its products to the cloud, improving profitability, and skillfully executing its "Land and Expand" growth strategy.

Procore Technologies Inc. (PCOR) makes construction management software that helps construction professionals to streamline their projects, improve collaboration, and drive project efficiency. The company reported a solid earnings beat and raised its outlook despite the uncertainty in the construction end market stemming from the recent regional banking crisis and increases in interest rates.

Portfolio Activity

In keeping with our long-term investment horizon and anticipated annual turnover of 30% or less, activity in the portfolio was limited during the quarter. The team made two reductions and one purchase of existing holdings.

We added to cloud-based security software maker CrowdStrike Holding Inc. (CRWD), which pulled back slightly after its first quarter results as net new Annual Recurring Revenue (ARR) came in just below high expectations. Importantly, the

INNOVATORS SECOND QUARTER 2023 CONTRIBUTION REPORT Ranked by Basis Point Contribution

	Basis Point Contribution	Average Weight
Top Contributors		
MongoDB Inc.	+842	12.91%
BILL Holdings Inc.	+436	9.38%
Datadog Inc.	+410	9.82%
Bottom Detractors		
Atlassian Corp.	-58	6.05%
Cloudflare Inc.	-34	9.27%

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.

Innovators

company saw no deterioration in new customer wins, indicating that its product platform remains extremely well-positioned to capitalize on a massive long-term opportunity across various security end markets.

We added to Procore, which modestly underperformed during the quarter as it didn't participate in the Artificial Intelligence-led rally experienced by other holdings. Our conviction remains high that its products' strong ROI will allow it to grow wallet share in a very underpenetrated construction market.

We reduced MongoDB after the stock gapped up 67% during the second quarter alone. After nearly doubling in the first half of 2023, the position size had grown to more than 15% of the portfolio and represented an even larger share of the idiosyncratic (company-specific) risk present in the portfolio. Our conviction in the stock remains high and it continues to be among the portfolio's largest positions.

Outlook

Looking ahead with a tactical mindset, the team regularly evaluates and rates the entire cloud software group on the dimensions of 1) valuation, 2) fundamentals, and 3) market sentiment. During Q2, valuation moved from a neutral to a slightly cautious view as enterprise value-to-sales multiples for the fast-growth cloud software group moved back above the pre-COVID 5-year trailing average. Our assessment of fundamentals remained unchanged, tilted cautiously as global economic outlook remains murky and the impact of AI-driven demand for application software still only seems like a factor in the medium-to-long term. Like valuation, we take a mean-reverting view on sentiment (i.e. weaker sentiment is a better setup for the future). Following the flight to risk assets seen in Q1, sentiment remains elevated for the group, as NVDA's historic AI-driven guidance increase in late May caused a positive halo across the whole Tech space, leaving us more wary on sentiment from here.

Key issues for our names and the group in total during the second half of 2023 include the impact of any further global economic slowdown and the timing of any fundamental catalyst from AI-driven market demand.

Taking a longer-view, as we encourage all of our investors to do, the cloud software group clearly continues to hold some of the most innovative, dynamic companies in the global economy. It is a rich hunting ground for future game-changing companies and stock market winners. By being diligent and discerning in our stock selection and patient with our management of the portfolio, we aim for our investors to participate in the exciting long-term potential of the best opportunities within this group.

Thank you for your confidence in the team and the Strategy. If you have any questions, please do not hesitate to contact us.

Sincerely,



Tom Fanter
Partner, Portfolio Manager

Innovators

TOP FIVE HOLDINGS AS OF 6/30/23

Company	% of Assets
CrowdStrike Holdings Inc. (CRWD)	11.94%
MongoDB Inc. (MDB)	11.55%
Procore Technologies Inc. (PCOR)	10.97%
Datadog Inc. (DDOG)	10.00%
BILL Holdings Inc. (BILL)	9.74%

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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RMB Asset Management

Innovators 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, 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.

Innovators

Description | The Innovators Strategy reflects the performance of fully discretionary equity accounts, highly concentrated of 8-15 publicly-traded enterprise software companies which we believe are particularly well-positioned to capitalize on long duration growth opportunities and for comparison purposes is measured against the Russell 2500[®] Software and Computer Services Index. The inception date of the Innovators Composite is July 31, 2022 and the Composite was created on July 31, 2022. Valuations and returns are computed and stated in U.S. Dollars.

ANNUAL PERFORMANCE RELATIVE TO STATED BENCHMARK

No performance due to insufficient data (less than 1 year since inception date).

Fees | Effective January 1, 2011, RMB' Capital's management fee schedule for this Composite is as follows: 1.00% on the first \$10.0 million, 0.85% on the next \$10.0 million, and 0.70% over \$20.0 million. Actual management fees charged by RMB may vary. Composite performance is presented on a gross-of-fees and net-of-fees basis and includes the reinvestment of all income. Gross-of-fees returns means it is net of transaction costs but gross of asset management fees and custodian fees. The payment of actual fees and expenses would reduce gross returns. The compound effect of such fees and expenses should be considered when reviewing gross returns. The net returns are reduced by all actual fees and transactions costs incurred. The composite includes accounts that pay asset-based pricing for trading expenses. The maximum fee is 15 basis points per year; however, many accounts pay lower amounts due to household break-point relief. In addition to a management fee, some accounts pay a wealth management fee based on the percentage of assets under management to RMB Capital. The annual composite dispersion is an asset-weighted standard deviation calculated 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 | There is no account minimum for the Equity Income composite.

Comparison with Market Indices | RMB compares its Composite returns to a variety of market indices such as the Russell 2500[®] Software and Computer Services Index. The index represents unmanaged portfolios whose characteristics differ from the Composite portfolios; however, it tends to represent the investment environment existing during the time period shown. The Russell 2500[®] Software and Computer Services Index. measures the performance of the Software and Computer Services segment of the 2,500 smallest companies in the Russell 3000[®] Index in the U.S. equity universe. An investment cannot be made directly in an index. The returns of the index do not include any transaction costs, management fees, or other 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 your account in the Composite. Benchmark returns presented are not covered by the report of independent verifiers.

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