Equity Income

Portfolio Update: Fourth Quarter 2023

During the fourth quarter ending December 31, 2023, the Equity Income Composite (the "Strategy") returned +8.44% gross of fees (+8.31%, net of fees) compared to +9.50% for the Russell 1000® Value Index.

(Placeholder)

	3 Months	YTD	1 Year	Since Inception
Equity Income (Gross)	+8.44%	+7.10%	+7.10%	+4.71%
Equity Income (Net of IM fees)	+8.31%	+6.56%	+6.56%	+4.19%
Equity Income (Net of IM & WM Fees)	+8.05%	+5.52%	+5.52%	+3.16%
Russell 1000® Value Index	+9.50%	+11.46%	+11.46%	+1.52%

Inception date: December 31, 2021. Performance for periods 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 December 31, 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.

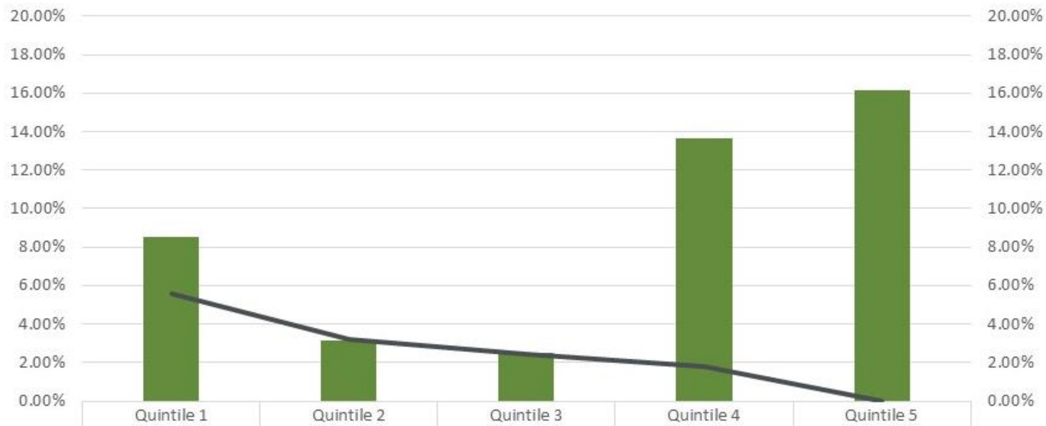
The weighted yield based on the indicated regular dividends (excluding special dividends) was 3.7%. This compares to the dividend yield of the Russell 1000® Value benchmark of 2.3% and the S&P 500 yield of 1.5%. Over the long-term, we believe the Strategy will maintain a total dividend yield roughly 1x – 2x the S&P 500 dividend yield (currently 2.5x).

Income during the quarter included regular dividends from every stock that was held in the portfolio for the duration of the quarter. Year-over-year, regular dividends increased for 23 of the 26 stocks, while Dow Inc. (DOW) and Huntington Bancshares Inc. (HBAN) were flat, and Kenvue Inc. (KVUE) maintained its recently initiated dividend. In addition to regular dividends, this quarter two of our companies declared "special" dividends (capital returned to shareholders in addition to the typical common dividends): CME Group Inc. (CME: $5.25/share) and EOG Resources Inc. (EOG: $1.50/share). Special dividends can arise when companies have excess capital on the balance sheet, when specific transactions create an opportunity to distribute capital, or when highly cyclical companies adopt a more flexible dividend program. This is an unpredictable but valuable contribution to the income component of the Strategy. Over the last 12 months, the average annual increase for regular dividends was 5.6%. Dividend income contributed 1.0% of total return in the fourth quarter. For the full year, dividend income (including special dividends and interest on cash balances) contributed 4.2% of total return.

Equity markets ended the year with strong fourth-quarter gains, as fresh geopolitical risk was overwhelmed by falling bond yields, falling inflation, and expectations of eventual monetary easing. Growth stocks continued to outperform value stocks this quarter, with the Russell 1000® Growth index returning 14.2%, compared to just 9.5% for the Russell 1000® Value. Our holdings in Consumer Discretionary, Healthcare, and Real Estate sectors were strong, but relative performance was overwhelmed by underperformance in Consumer Staples, Industrials, and Technology.

For the full year of 2023, the Strategy returned +7.10% (gross of fees), compared to +11.46% for the Russell 1000® Value index, trailing by 436 bps. The market's preference for growth over value began early in the year with excitement about AI-driven innovation, particularly benefiting mega-cap technology stocks anointed the "Magnificent Seven." Even the Russell 1000® Value benchmark has some weighting in Meta Platforms, Inc. (META) and Alphabet inc. (GOOG), two of the Magnificent Seven. Non-ownership of these two stocks were a 185bps headwind to performance. The market followed through with additional gains, as the soft landing in the economy, which few had predicted last year, became the consensus expectation. The year concluded with the Fed signaling a likely peak in its tightening policy, giving the market additional fuel to drive gains for the year. In all, the Russell 1000® Growth index dominated domestic markets, gaining 42.68%, compared to the 11.46% gains for its large cap value peers. This preference for future growth over current cash flows (and dividends) presented challenging conditions for the types of stocks in the Strategy's investible universe, even compared to a broad value benchmark. To illustrate, the chart below divides the Russell 1000® Value benchmark into dividend quintiles (highest to lowest). In 2023, the market clearly preferred stocks with low, or no dividend yield. The three highest dividend quintiles, where 95% of the Strategy is invested, averaged just 4.7% returns last year, compared to an average of 14.9% returns for the two lowest dividend yielding quintiles. Ultimately, performance comes down to the stocks in the portfolio, but understanding the backdrop is helpful context.

Exhibit 1: Russell 1000® Value Index Returns by Dividend Yield Quintile, 2023



	Quintile 1	Quintile 2	Quintile 3	Quintile 4	Quintile 5
2023 Total Return	8.53%	3.13%	2.51%	13.63%	16.16%
Weighted Div Yield	5.56%	3.24%	2.43%	1.82%	0.00%
Strategy Weight	31%	38%	26%	4%	0%

Source: FactSet; Data date: 12/31/23.

Contributors and Detractors

Our holdings in Financials and Consumer Discretionary sectors contributed positively to results, while Energy and Consumer Staples contributed negatively.

BlackRock Inc. (BLK) was the top contributor this quarter, contributing 112bps to performance. With over $10Trillion of assets under management, BlackRock is the largest asset manager in the world, in an industry where scale matters. BlackRock has differentiated itself from other asset managers through this industry-leading scale, product breadth, and its commitment to technology and innovation. While 2022 and 2023 have been years of flat base fee growth, over the long-term, BLK has delivered ~5% organic growth and momentum in the 4th quarter suggests growth may be returning to those levels. In the quarterly conference call, the company also implied that the company could pursue large M&A targets, something BLK has been successful with in the past (i.e. acquiring Merrill Lynch's investment management business in 2006 and Barclay's Global Investors including its iShares ETF unit in 2009). We added to this position early in the quarter when the stock briefly traded below $600. BLK ended the quarter at over $800/share with a 2.5% dividend yield.

Dick's Sporting Goods Inc. (DKS) was also a positive contributor, contributing 106bps to performance. Dick's was a "show me" story after reporting a material EPS miss in the prior quarter related to inventory shrink and some unexpected discounting it its outdoor segment. That day, the stock declined over 24%. Despite these setbacks, we remained confident in the company's transformation to a more profitable model and its new "House of Sport" concept, which leans heavily on experiential sales and elevated merchandising. We believed the payoff was still skewed to the upside, the dividend secure, and the strategy still value-accretive, so we added to the position after those weak results. With the third quarter results, we learned that DKS was also buying back stock at those levels, repurchasing over 4% of

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outstanding shares. More importantly, the stores showed better-than-expected same store sales growth and management raised its outlook for the full year. DKS stock price ended the quarter within 2% of its all-time high with a 2.7% dividend yield.

Chevron Corp. (CVX) was the top detractor, detracting 92bps from performance. Energy stocks performed poorly in the final quarter and both large integrated oil companies in the benchmark, Exxon Mobil Corp. (XOM) and Chevron, trailed the sector. Both companies announced large equity-financed acquisitions – XOM agreed to the $60Billion acquisition of Pioneer Natural Resources Co. (PXD) and CVX announced the $53B acquisition of Hess Corp. (HES). In addition, during the quarterly call, management discussed delays and cost increases to major projects in Kazakhstan, pushing out production and cash flow estimates. While the acquisition of Hess extends Chevron's strong track record of reserve replacement, the increased financial, execution, and geopolitical risks associated with the HES deal led us to reduce the position size in favor of smaller domestic shale plays. We reinvested the proceeds in EOG Resources Inc. (EOG) and new buy Diamondback Energy Inc. (FANG), discussed below. CVX ended the quarter with a 4.0% dividend yield.

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FOURTH QUARTER 2023 CONTRIBUTION REPORT
Ranked by Basis Point Contribution

	Basis Point Contribution	Average Weight
Top Contributors		
BlackRock Inc.	+112	4.00%
Dick's Sporting Goods Inc.	+106	3.15%
JPMorgan Chase & Co.	+85	4.92%
Verizon Communications Inc.	+75	3.86%
Federal Realty Investment Trust	+71	4.70%
Bottom Detractors		
Chevron Corp.	-92	5.39%
Altria Group Inc.	-12	3.94%
EOG Resources Inc.	-11	3.07%
Comcast Corp.	-5	4.14%
Huntington Bancshares Inc.	-1	0.22%

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 Asset Management'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.

Altria Group Inc. (MO) was also a modest detractor, detracting 12bps from total return during the quarter. The company reported worse-than-expected volumes declines related to macroeconomic pressures, growth in e-vapor products (particularly the unregulated, illicit products which continue to be widely available), and modest share loss. The secular decline in cigarette volumes is not new, and economic factors can drive modest consumer shifts towards discount brands from quarter to quarter. We believe Altria can comfortably cover the dividend payment while it executes its strategy to grow its reduced risk products (On! nicotine pouches, NJOY pod-based e-vapor product, and IQOS heated tobacco sticks). MO ended the quarter with a 9.7% dividend yield.

Portfolio Activity

Over the past 12 months, turnover in the strategy has been 12.43%, in line with our goal of keeping turnover "low, but healthy," as stocks compete for a place in the portfolio. During the quarter, we purchased two new holdings: Huntington Bancshares Inc. (HBAN) and Diamondback Energy Inc. (FANG).

Huntington Bancshares is a regional bank holding company headquartered in Columbus, Ohio, whose principal subsidiary is The Huntington National Bank. The footprint is mostly Midwest, with high market share in Ohio and Michigan. The bank has a strong management team and has sharpened its credit culture while building out a high return super regional bank. Its deposit franchise is skewed to smaller retail customers and small business customers, where pricing power is more evident. As with all banks, HBAN has faced net interest margin (NIM) pressure as funding costs increase. However, we believe the NIM bottoming process is likely underway and the recent acquisition of TCF gives the company additional expense management opportunities. The company has a strong balance sheet and returns on tangible common equity to support the current dividend, but we don't expect meaningful dividend growth in the near term. 2023 was a very tough year for regional banks, but HBAN has a strong capital position, conservative credit culture, low commercial real estate risk, and a low valuation. HBAN ended the quarter with a 4.9% dividend yield.

Diamondback Energy is an oil and gas exploration and production company that operates in the Permian Basin. It has a culture of capital discipline and efficiency. Led by core acreage in the low-cost Delaware Basin, Diamondback can generate robust free cash flow to support both its reinvestment in reserves and return capital to shareholders. Management has a strong M&A track record and targets 75% return of free cash flow to shareholders through normal and special dividends. Diamondback ended the quarter with a 2.2% trailing dividend yield based on its regular quarterly dividends of $0.84, but the company also issued $4.65 of special dividends over the course of the year, for an effective trailing-twelve month yield of 5.3%

In addition to these new positions, we made several other changes to the portfolio based on the risk/reward and fundamental opportunities we see with existing holdings. We increased our positions in BlackRock Inc. (BLK), PepsiCo Inc. (PEP), Merck & Co. (MRK), Gilead Sciences Inc. (GILD), Johnson & Johnson (JNJ), Kenvue Inc. (KVUE), EOG Resources Inc. (EOG), Altria Group Inc. (MO), and RTX Corp. (RTX). We reduced positions in Watsco Inc. (WSO), JP Morgan Chase & Co. (JPM), Chevron Corp. (CVX), CME Group Inc. (CME), International Business Machines Corp. (IBM), and Dick's Sporting Goods Inc. (DKS).

Outlook

In our last quarterly letter, we discussed how the market had started to get the Fed's message that "higher for longer" might be a real forecast. Well, that didn't last long. In the FOMC statement and in Chairman Powell's comments in the press conference that followed the statement, the Fed signaled that it is likely done with its tightening and would probably begin reducing rates in 2024. This resulted in a rapid repricing of the yield curve, with investors anticipating 150bps of cuts in 2024 –more aggressive that the median levels implied by the Fed's projections (about 75bps of cuts). It has been a very volatile year for interest rates. The yield on the 10-year treasury ranged between 3.29% and 4.99%. Yet when all was said and done, the yield on the 10-year treasury ended right where it started the year at 3.88%. This is a good reminder that forecasting short-term price movements is very difficult, and usually an exercise in futility. We don't claim to have repeatable skill in forecasting what an interest rate or an index might do over the next 12 months. Instead, we focus on identifying companies that we believe can beat market expectations for growth and returns on capital. We believe our companies will grow earnings modestly in 2024, with a median growth rate of mid-to-high single digits. We also believe the stocks in the Strategy are trading below our estimate of fair value. If valuations approach our estimates of fair value, it could provide share price appreciation in excess of earnings growth. We believe the economic backdrop will remain favorable 2024. While we don't know the extent of interest rate cuts, we believe a falling interest rate environment would be stimulative to the economy, and in an election year, believe fiscal conditions should be supportive of economic growth.

This year, we lost one of the greatest investors, and maybe one of the greatest minds of the last 100 years. Charlie Munger passed away at the age of 99, still doing what he loved best – learning and investing. In addition to being Warren Buffett's right-hand man, among other things, Munger was the longtime Chairman of the Daily Journal Corporation. The Daily Journal also hosts an annual shareholder meeting. Unlike the Berkshire Hathaway meeting, which draws tens of thousands to Omaha in a festival-like atmosphere, the Daily Journal meeting draws a couple hundred each year to a windowless hotel conference room in downtown L.A. More importantly, it features a muti-hour Q&A with Charlie Munger. I was lucky enough to attend one of those meetings in 2019 shortly before it went virtual. There are too many lessons to list here, most of which would seem more related to Charlie's observations about human nature than investing, but here is some of the wisdom Charlie has shared, which we try to employ in the management of your capital:

- Be Authentic. Don't pretend you know more than you do.
- Be a learning machine.
- Don't over-diversify.

- Stay rational.

Economic cycles, interest rates, and investor preferences all influence short-term absolute and relative performance. Over the long-term, we believe that investing in high quality companies that create value for shareholders and distribute a portion of that cash flow in the form of dividends can result in long-term shareholder returns that beat the overall market.

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

Sincerely,

John O'Connor, CFA
Portfolio Manager

TOP TEN HOLDINGS AS OF 12/31/23

Company	% of Assets
Merck & Co. Inc.	6.54%
Johnson & Johnson	5.81%
Federal Realty Investment Trust	4.82%
Old Republic International Corp.	4.70%
BlackRock Inc.	4.52%
Chevron Corp.	4.50%
JPMorgan Chase & Co.	4.18%
Verizon Communications Inc.	4.09%
PepsiCo Inc.	4.07%
Texas Instruments Inc.	4.01%

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

Equity Income 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.

Description | The Equity Income Strategy reflects the performance of fully discretionary equity accounts, which have an investment objective of dividend income and capital appreciation using a portfolio of primarily U.S. stocks with market caps > $2 Billion and for comparison purposes is measured against the Russell 1000® Value Index. The inception date of the Equity Income Composite is December 31, 2021 and the Composite was created on December 31, 2021. Valuations and returns are computed and stated in U.S. Dollars.

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 1000® Value (%)*	*Composite 3-YR ST DEV (%)*	*Russell 1000® Value 3-YR ST DEV (%)*	*Composite Dispersion (%)*
2022	*5,228.7*	*89.0*	*265*	*2.38*	*1.87*	*-7.54*	*N/A*	*N/A*	*N/A*

Fees | *Effective January 1, 2011, RMB' Capital's management fee schedule for this Composite is as follows: 0.50% on the first $3.0 million, 0.475% on the next $2.0 million, 0.450% on the next $5.0 million, 0.425% on the next $15.0 million, and 0.400% over $25.0 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 1000® Value 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 1000® Value Index measures the performance of the large-cap value segment of the U.S. equity universe. It includes those Russell 1000® companies with lower price-to-book ratios and lower expected and historical growth rates. 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.*

***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.*