International

Portfolio Update: Annual Letter 2023

For the year ended December 31, 2023, the International composite (the "Strategy") returned +12.54%, net of fees. During the same period, the MSCI EAFE Total Return Index (dividends reinvested) returned +18.24%.

Performance	Q1	Q2	Q3	Q4	1 Year	3 Years	5 Years	Since Inception (12/31/2017)
International Composite (net of IM fees)	+6.07%	+4.57%	-5.44%	+7.30%	+12.54%	+0.82%	+5.50%	-0.02%
International Composite (net of IM & WM fees)	+5.81%	+4.31%	-5.67%	+7.05%	+11.46%	-0.17%	+4.46%	-1.01%
MSCI EAFE Index	+8.47%	+2.95%	-4.11%	+10.42%	+18.24%	+4.02%	+8.16%	+4.15%

Inception date: December 31, 2017. Performance is presented net of RMB Asset Management's maximum management fee and transaction costs. Performance is annualized for periods greater than one year. 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. All data is as of December 31, 2023, except the Q1, Q2, and Q3 performance which is as of March 31, 2023, June 30, 2023, and September 30, 2023, respectively.

In the fourth quarter of 2023, the international equity market reversed its trend and regained ground during the quarter as the "risk-on" sentiment spread in the global equity markets. Slowdown in the inflation trend resulted in the market expectation that central banks may turn to be dovish and initiate the rate cut phase sooner in 2024, resulting in a soft-landing or even no-landing scenario in the global macro economy. During the fourth quarter, Communication Services, Energy, and Consumer Staples sectors led our performance while Industrials, Utilities, and Financials were key detractors. In the Communication Services sector, our stock pick in a video game company resulted in a positive idiosyncratic return. In the Industrials sector however, our investment in a commercial service company lost its value, as its post-merger integration of the U.S. business turned out to be poor and the market lost confidence in the execution capability of the management. By region, our exposure in Europe had weak performance while our exposure in Japan was about flat. Our underweighting in Asia/Pacific ex. Japan resulted in a positive contribution to the Strategy.

Contributors and Detractors

Schneider Electric SE (SU FP) and Atlas Copco AB (ATCOA SS) were among the top contributors in the fourth quarter.

Schneider Electric is a global leader in energy management and industrial automation. We first bought the company in 2019, as we believed the company was on the forefront of major secular trends yet still trading at a valuation of an average industrial company. Over this past year, Schneider has consistently delivered double digit organic growth, driven by market share gains and strong end-market growth. Data Centers is an exciting area for the company, as demand for AI has resulted in organic growth, accelerating meaningfully above the company average. While expectations for the stock have certainly increased following the strong performance this year, we still believe the upside potential is meaningful, so long as Schneider continues to deliver organic growth in the high single digit to low double digit range.

Atlas Copco is a relatively new buy for the Fund and we are happy report shares increased 28.16% during the quarter. The company primarily manufactures tools and equipment that rely on compressed air or vacuum pumps. It has the #1 global share in industrial and commercial air compressors, is a leader in mobile light towers, generators, and air compressors, and supplies vacuum pumps to the semiconductor and pharmaceutical industry. Given these end-markets, we realize the company may not be immune to the macroeconomic environment. However, we would classify the company as a "high quality" cyclical, given its high mix of recurring service revenue, healthy balance sheet, and strong track record of wealth creating mergers and acquisitions. While Atlas reported earnings in line with expectations this quarter, the stock outperformed given that we believe the macro environment should improve with the peaking rate cycle and increased probability of a "soft landing". We remain patient before increasing our holding size in the company.

International

Rentokil Initial PLC (RTO LN) and Subaru Corp. (7270 JP) were among the top detractors in the fourth quarter.

Rentokil was a major detractor due to its shares declining over 30%, ultimately leading to the decision to exit the stock on what we believe is a thesis violation. Rentokil is one of the global leaders in the pest control industry and became even larger following the acquisition of Terminix a year ago. Rentokil has a track record of strong organic growth both in the UK and the U.S. but is primarily focused on commercial pest control. Terminix is one of the largest U.S. residential pest control company's, but has a track record of poor employee retention and below industry average organic growth. Our thesis was that Terminix was a good asset just under poor management and that Rentokil could turnaround that business. Unfortunately, when the company updated Q3 earnings, it became clear that the integration was not going as well as planned and organic growth for Terminix had stalled once again. The company lowered its outlook and its communication with shareholders did little to assure investors that they had the situation under control. We followed up with our own conversation with the management team and ultimately concluded it was time to sell the stock.

International
FOURTH QUARTER 2023 CONTRIBUTION REPORT
Ranked by Basis Point Contribution

	Basis Point Contribution	Average Weight
Top Contributors		
Schneider Electric SE	+96	4.28%
Rio Tinto Ltd.	+67	2.58%
Atlas Copco AB	+59	2.12%
Compass Group PLC	+53	4.33%
ASML Holding NV	+49	1.77%
Bottom Detractors		
Rentokil Initial PLC	-144	1.00%
Subaru Corp.	-21	1.27%
Stevanato Group SpA	-14	1.17%
Kansai Electric Power Company Inc.	-12	2.83%
Sampo Oyj	-10	0.02%

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.

Subaru is one of the world's major auto OEMs, producing approximately 1 million vehicles each year under the Subaru brand. Subaru is renowned for its robust sports utility vehicle (SUV) lineup, and it has a loyal customer base. Although our engagement with Subaru's management resulted in enhanced shareholder returns for 2023, the company's drastic strategic shift to EV under the new CEO has substantially raised expected capex burdens for the next several years and execution risks associated with it. It would also be prudent to assume that shareholder returns are unlikely to see material improvements during the investment period. In this case, the impact of our engagement efforts would prove to be short-lived. Given the company's large exposure to the U.S. market, investor sentiment towards the stock further deteriorated when the Japanese Yen appreciated against the USD during the quarter. Despite the stock's relatively cheap valuation compared to its peers in the automotive industry, the risk of owning the stock has also increased, and its risk and reward balance no longer appear attractive. We fully exited from our position in the stock during the quarter.

Portfolio Activity

The Fund exited out of six holdings while buying one new company this quarter. Sony Group Corp. (6758 JP) and Recruit Holdings Co. Ltd. (6098 JP) were sold for valuation and portfolio construction reasons. Subaru was replaced with Toyota Motor Corp. (7203 JP) as we believe it has become clearer that Toyota has the superior long-term value creation opportunity. Kerry Group PLC (KYGA ID) and Novozymes A/S (NZYMB DC) were sold as we looked to reduce the Fund's exposure to food ingredients, with growing concern that pricing has peaked, and volumes could be under pressure in 2024.

Finally, we sold Rentokil following a very disappointing update from the company stemming from the acquisition of Terminix a year ago. Our team has history with Terminix, having owned the company in another strategy before the Rentokil acquisition. Our view at the time was that the company was a good asset but just needed better management. Our conversations with the Rentokil team suggested that implementing the Rentokil "playbook" could unlock significant value in terms of client and employee retention. While they have made progress on this front, a significant slowdown in new customer acquisition this quarter suggests the company is a long way from fully integrating this business. The competitive landscape has intensified as well, and we do not believe Rentokil will be able to make up for this lost business in the near future. It is possible that we may revisit the stock in the future, as we still like the asset light, recurring revenue nature of the pest control business, but for now we need to see evidence that Rentokil can better manage the combined businesses.

Outlook

2023 was another volatile year for the international equity markets, as the geographic tension remained high on the back of the stalemate situation in the Ukraine war and the conflict in the middle east triggered by the surprise attack on Israel by Hamas. In the macro economy however, expectation on the soft landing, which had been our main scenario through the year, was gaining momentum as the inflation in the U.S. and Europe was slowing down and the market participants expected interest rates to peak, with the possibility of rate cuts by the central banks in the coming year. These macroeconomic developments were positive for the equity markets overall. We remain confident in the equity market in Japan, as discussed in the previous letters, as the country is going through corporate governance reform with many companies seeing improved shareholder return while addressing their historically low capital efficiency to enhance their corporate values. In our portfolio management, we focus on the strong and competitive global players residing in international space that we believe are unique investment opportunities for our investors. We overweight Japan in our belief that the equity market in the country will continue to outperform in 2024.

As always, thank you for your support and trust in the Strategy.

Sincerely yours,

Masakazu Hosomizu, CFA
Portfolio Manager

James D. Plumb
Portfolio Manager

International

TOP TEN HOLDINGS AS OF 12/31/23	
Company	**% of Assets**
Novartis AG	5.22%
Shell PLC	4.77%
Schneider Electric SE	4.60%
AstraZeneca	4.49%
Compass Group PLC	4.34%
Nestle S.A.	3.96%
ORIX Corporation	3.21%
Sampo Oyj	3.15%
Lloyds Banking Group plc	3.14%
Mitsubishi UFJ Financial Group, Inc.	3.13%

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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International

[1] *Developed Markets countries include: Australia, Austria, Belgium, Denmark, Finland, France, Germany, Hong Kong, Ireland, Israel, Italy, Japan, the Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland, and the U.K.*

[2] *Developed Markets countries include: Hong Kong and Singapore.*

[3] *Emerging Markets countries include: China, India, Indonesia, Korea, Malaysia, Pakistan, the Philippines, Taiwan, and Thailand.*

RMB Asset Management
International All Cap 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 International All Cap product reflects the performance of fully discretionary equity accounts, which have an investment objective of long-term growth using a portfolio of primarily small-, mid-, and large-cap international stocks and for comparison purposes is measured against the MSCI EAFE index. The inception date of the International Equity Composite is December 31, 2017 and the Composite was created on December 31, 2017. 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 (%)	MSCI EAFE (%)	Composite 3-YR ST DEV (%)	MSCI EAFE 3-YR ST DEV (%)	Composite Dispersion (%)
2022	5,228.7	389.1	133	-15.99	-16.68	-14.45	18.75	19.96	1.29
2021	6,277.6	508.9	142	10.18	9.31	11.26	16.91	16.92	0.38
2020	5,240.6	426.6	142	8.13	7.27	7.81	18.62	17.89	0.76
2019	4,947.9	370.6	153	19.77	18.87	22.02	N/A	N/A	2.17
2018	4,196.9	169.6	74	-23.11	-23.56	-13.79	N/A	N/A	N/A*

** Composite dispersion is reported as N/A when the information is not statistically meaningful due to an insufficient number of portfolios in the composite for the entire year*

Fees | *The standard management fee is 1.0% up to $1 million of assets annually, 0.975% from $1 million to $3 million, 0.950% from $3 million to $5 million, 0.90% from $5 million to $10 million, 0.825% from $10 million to $25 million, and 0.75% above $25 million. 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 net returns are reduced by all actual 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. Risk measures presented are calculated using gross-of-fees performance. The returns are net of withholding taxes. Policies for valuing investments, calculating performance, and preparing GIPS Reports are available upon request.*

Minimum Value Threshold | *There is currently no account minimum in the International All Cap Composite.*

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 International All Cap Composite is the MSCI EAFE Index, which for comparison purposes is fully invested and includes the reinvestment of income. The index data assumes reinvestment of all income and does not account for fees, taxes, or transaction costs. The performance of the MSCI EAFE® Index assumes the reinvestment of all distributions but does not assume any transaction costs, taxes, management fees or other expenses. It is not possible to invest directly in an index. MSCI Europe, Australasia, and Far East (EAFE®) Index is an equity index which captures large- and mid-cap representation across Developed Markets countries around the world, excluding the U.S. and Canada. With 924 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in each country. Developed Markets countries in the MSCI EAFE Index include: Australia, Austria, Belgium, Denmark, Finland, France, Germany, Hong Kong, Ireland, Israel, Italy, Japan, the Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland, and the U.K. 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. The returns are net of withholding taxes. Source: MSCI. MSCI makes no express or implied warranties or representations and shall have no liability whatsoever with respect to any MSCI data contained herein. The MSCI data may not be further redistributed or used as a basis for other indexes or any securities or financial products. This report is not approved, endorsed, reviewed or produced by MSCI. None of the MSCI data is intended to constitute investment advice or a recommendation to make (or refrain from making) any kind of investment decision and may not be relied on as such.*

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