Small Cap Core

Portfolio Update: Fourth Quarter 2023

During the fourth quarter ending December 31, 2023, the Small Cap Core Equity Composite (the "Strategy") returned +13.22%, gross of fees, (+12.99%, net of fees), compared to a +14.03% for the Russell 2000® Index.

	3 Months	YTD	1 Year	3 Years	5 Years	10 Years	Since Inception (Annualized)
Small Cap Core (Gross)	+13.22%	+20.10%	+20.10%	+4.68%	+12.04%	+8.71%	+10.92%
Small Cap Core (Net)	+12.99%	+19.09%	+19.09%	+3.80%	+11.03%	+7.69%	+9.84%
Russell 2000® Index	+14.03%	+16.93%	+16.93%	+2.22%	+9.97%	+7.16%	+7.89%

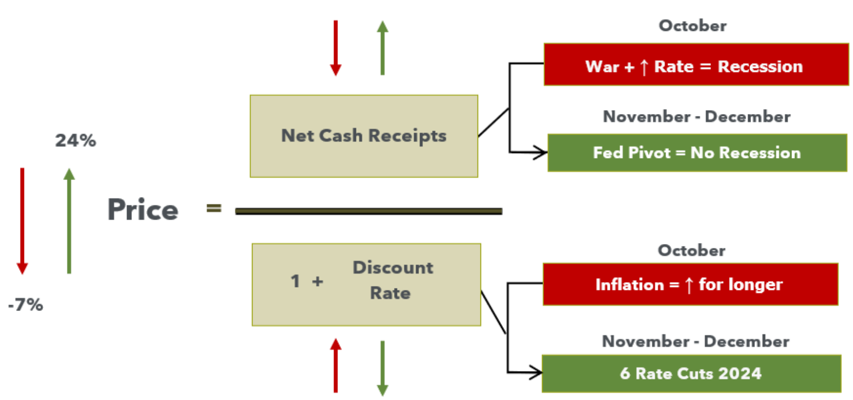
Inception date: April 30, 1999. Please see important disclosures at the end of this document. Past performance is not indicative of future results, and there is a risk of loss of all or part of your investment. Data as of December 31, 2023. RMB Capital acquired the composite by combining with IronBridge 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.

Smaller stocks finished a volatile year and a volatile quarter on a high note. After declining -6.8% in October, the Russell 2000® Index soared +24% in November and December. Small cap companies outperformed larger companies by 300 basis points this quarter.

Several shocks drove volatility this quarter. First, on October 7th, Hamas launched a surprise attack on Israeli civilians, resulting in a military response by Israel, increasing the risk of a wider Middle East and potentially global conflict. Second, the U.S. 10-year Treasury note breached 5% for the first time since 2007, confirming our thesis that the U.S. is exiting the era of "free money". War is not good for inflation and high interest rates are not good for growth. These two negative shocks pressured stocks lower. However, on November 2nd, Federal Reserve Chairman Jerome Powell hinted that the central bank might be done raising rates, which was a positive shock that offset the two previous negative shocks.

Markets price risk. The return investors achieve is an outcome of either mispriced risk or changes to perceived risk. The remarkable 24% swing in the Russell 2000® Index valuation this quarter was driven by a significant shift in perceived risks. From a pricing equation perspective, the Fed Pivot shifted investor expectations from higher inflation, higher discount rate and lower growth to lower inflation, lower discount rate and higher growth resulting in a 24% valuation swing.

Exhibit 1. The Pricing Equation – Wild Changes to Perceived Risks



Source: RMB Asset Management. Red arrow indicates Russell 2000® Index 1 month performance in October, 2023; green arrow Russell 2000® Index 2 month performance from November – December, 2023.

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November returns were the best since 1980. The Strategy kept pace with the index in November but not in December. As is typical of our quality biased investment process, the Strategy outperformed during the "risk off" period, but modestly lagged during the "risk on" period, as investors scrambled to cover heavily shorted, lower quality companies.

For the 2023 year, the Strategy delivered a +20.10% return for our investors compared to +16.93% from the Russell 2000® Index. The Strategy also delivered these returns while taking less credit and liquidity risk than the benchmark.

Contributors and Detractors

Contributors benefited from a combination of better-than-expected company specific execution, as well as a positive change to perceived risks.

Monolithic Power Systems Inc. (MPWR) designs and provides small, highly efficient, easy-to-use power solutions for systems found in multiple semi-conductor end markets. MPWR had a very strong quarter, and we believe is strengthening its competitive moat and benefiting from positive trends in electrification, cloud computing, and artificial intelligence.

Fair Isaac Corp. (FICO) reported a very strong quarter. FICO owns proprietary data and algorithms that offer organizations the power to automate, improve, and connect credit decisions across their businesses. Our 2016 value creation thesis that CEO Will Lansing would transform FICO into a more dynamic growth company by allocating more capital to its Decision Analytics business is playing out as anticipated.

Several banks contributed to performance this quarter. Banks generally posted better than feared quarterly results, but they were also beneficiaries of the "risk on" trade. Prior to the Fed Pivot, the main risks to bank fundamentals were higher interest rates, which increases duration and deposit risk and recession risks, which increases credit risk. After the Federal Reserve's pivot on interest rates, duration, deposit and credit risks declined significantly, driving up valuations for the bank sector. TriCo Bancshares (TCBK), our largest bank holding, benefitted from the Fed Pivot, but also reported a very strong quarter, with an improving net interest margin and better than expected non-performing loans.

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FOURTH QUARTER 2023 CONTRIBUTION REPORT
Ranked by Basis Point Contribution

	Basis Point Contribution	Average Weight
Top Contributors		
Monolithic Power Systems Inc.	+125	3.41%
Fair Isaac Corp.	+116	3.48%
TriCo Bancshares	+101	2.94%
PTC Inc.	+91	3.82%
Kadant Inc.	+86	3.38%
Bottom Detractors		
Fox Factory Holding Corp.	-108	1.57%
West Pharmaceutical Services Inc.	-41	4.25%
Visteon Corp.	-28	1.83%
Omnicell Inc.	-24	0.83%
Matador Resources Co.	-12	2.07%

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.

Portfolio detractors reported disappointing company specific results.

Fox Factory Holding Corp. (FOXF) announced a large and strategically confusing acquisition that put our value creation thesis at risk. We immediately sold half the position and are evaluating the impact of this deal on shareholder value.

West Pharmaceutical Services Inc. (WST) designs and produces delivery systems for injectable drugs and healthcare products. We have owned WST since 2014 and it has been one of the largest contributors to performance. This quarter, management lowered revenue guidance by 1% on slower than expected inventory restocking. We have seen this before and are confident in our longer-term value creation thesis and growth expectations.

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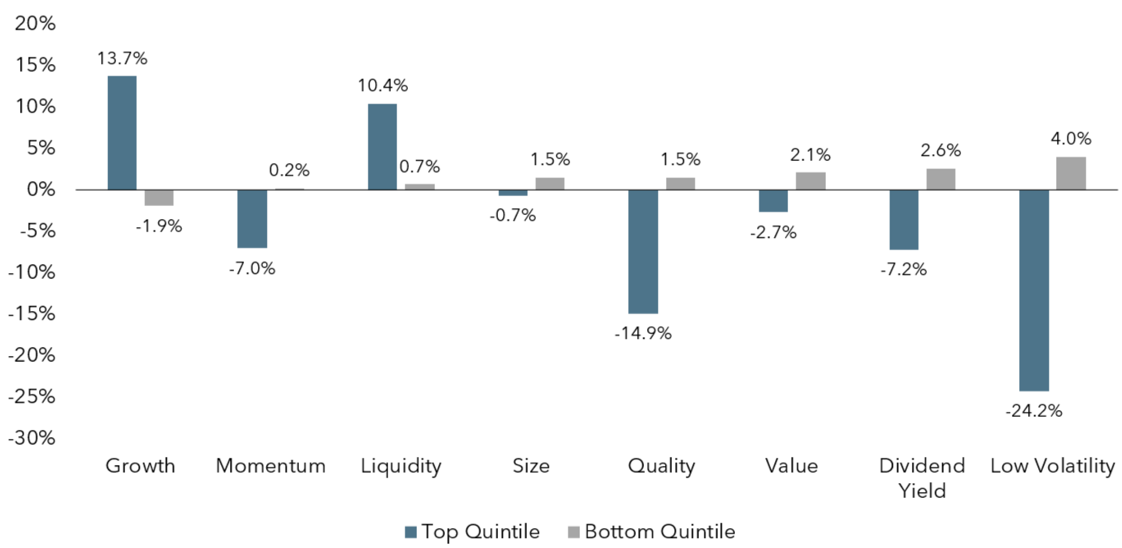
Portfolio Activity

We are long-term owners of businesses. Therefore, turnover is typically low, but driven by opportunistic adds or trims. Given the volatility associated with the quarter, the team was a little more active. We trimmed West Pharmaceutical Services Inc. (WST) and Carpenter Technology Corp. (CRS) given their outsized contribution to idiosyncratic risk and less attractive undervaluation. We trimmed Fox Factory Holding Corp. (FOXF), Exponent Inc. (EXPO), and Valmont Industries Inc. (VMI) due to deteriorating value creation milestones. We sold UMH Properties Inc. (UMH) and PTC Therapeutics Inc. (PTCT) because it appears they are tracking toward our negative thesis. We added to Matador Resources Co. (MTDR) and Range Resources Corp. (RRC) to reduce the portfolio underweight in the Energy sector, given the decline in oil and gas prices. We purchased AAON Inc. (AAON), an innovative domestic manufacturer of HVAC systems creating value by investing in high return projects and leveraging its competitive advantages to beat the fade. Industry leading R&D drives new product introduction ahead of the competition, and domestic manufacturing allows it to navigate supply chain challenges better than the competition. The recent acquisition of BASX increases its total addressable market to over $6B to serve the HVAC needs of Cloud, AI, and Crypto cooling demands allowing it to compound wealth for many years.

Outlook

In our last outlook, we did not anticipate the "Fed Pivot". Based on previous language from the Federal Reserve, we expected "higher for longer" and the emergence of credit risk to clear out weaker economic players and less skilled allocators of capital further benefitting the relative performance of higher quality companies. In fact, according to Bespoke Investment Group, the "Quality Factor" lagged in 2023 (see Exhibit 2).

Exhibit 2. U.S. Equity Market Factors

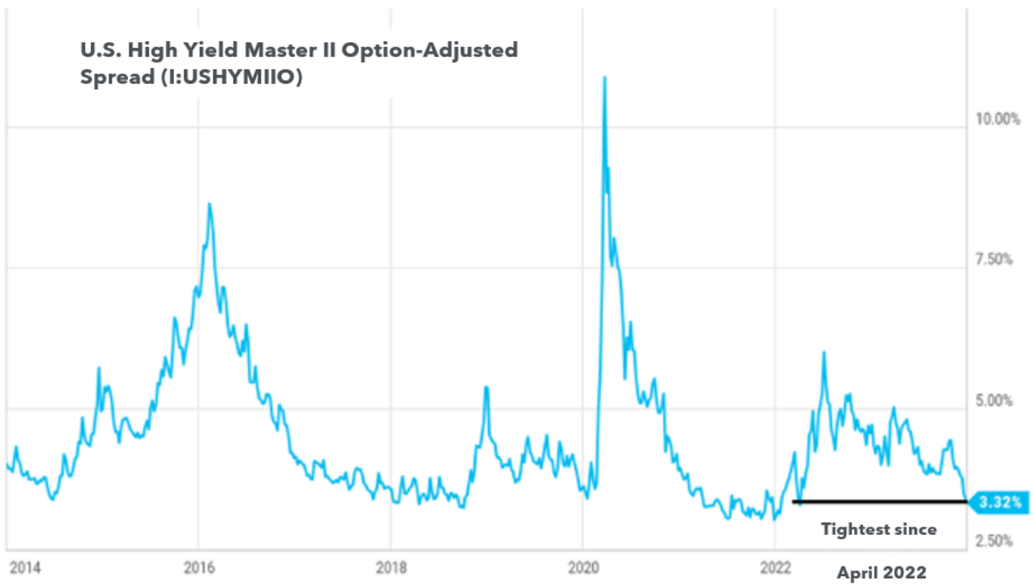


Note: Factor performance shows YTD performance as of 12/31/2023 of top quintile for each attribute relative to bottom quintile.

Source: Bespoke Investment Group

Markets price risk and the market re-priced interest rate risk which benefitted growth stocks. It also repriced recession and credit risk which benefited lower quality and cyclical names rather than higher quality, low volatility names.

Exhibit 3. U.S. High Yield Credit Spreads



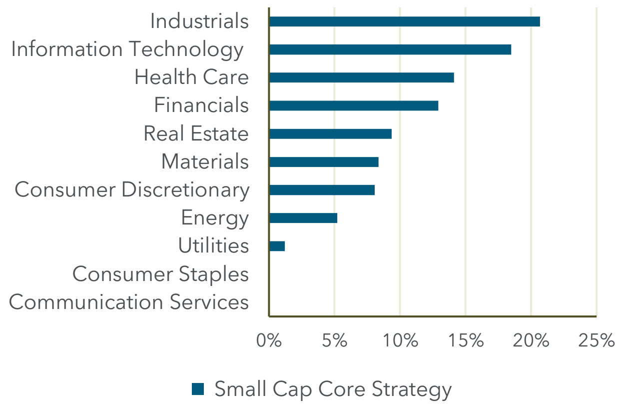
Source: YCharts, data as of 01/01/2024

If credit spreads continue to narrow, we would expect a temporary headwind to "quality" companies and therefore to the Strategy's relative performance. If credit spreads stay where they are, then no headwind. If credit spreads widen from here, then a tailwind. Our loosely held view is that the debt market may have over-reacted (mispriced risk) to the "Fed Pivot" in terms of expectations for the timing and magnitude of rate cuts. According to Yahoo Finance, the Fed funds futures trading pointed to six quarter-point cuts in 2024 down to a range between 3.75-4.0%. If the futures market is correct, then we suspect the Fed would be responding to weaker economic conditions which may spark credit concerns and a preference for higher quality companies.

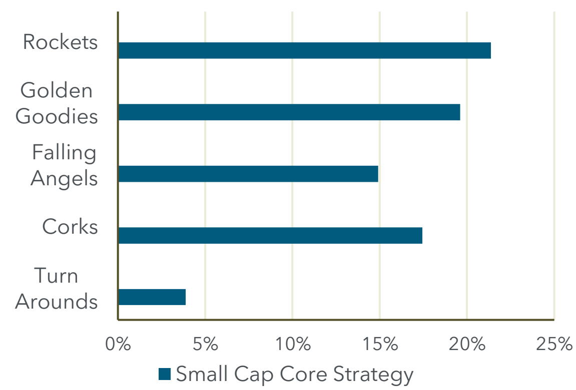
We often point out in the outlook section that our outlook has very little bearing on our portfolio construction because "more things can happen than will happen". Last year and this quarter were great examples. Investors experienced events that were impossible to incorporate into their outlook: an almost certain recession that never came, a bank run and the collapse of several large banks that exceeded 2008 by $175B, the Israeli war, Treasury Yield above 5%, higher interest rates and expanding P/E's, a 500 basis point increase in mortgage rates and higher home prices, and the Fed Pivot to name a few. Portfolio construction must recognize not only the known unknowns, but also the unknown unknowns. The Strategy's dual diversification by sector and lifecycle helps us deal with both.

Exhibit 4. Dual Diversification

Sector



Life Cycle



Source: RMB Asset Management. Data as of 12/31/23.

The portfolio construction discipline helps the Strategy to perform as expected because it seeks to minimize unpredictable factor risk and optimize company specific risk, where we believe we have a slight edge. For example, dual diversification meant the Strategy owned enough banks and biotech to keep the portfolio performance acceptable this quarter, even though the Strategy is skewed toward lower beta, lower risk, higher quality names.

The primary intended risk for the Strategy is company specific. We own what we believe to be the best stewards of capital skewed toward high management skill with a proven track record of capital allocation consistent with long-term value creation, low credit risk, relatively stable business models, and greater liquidity. We are pleased that positive company specific execution from the larger portfolio weights, Fair Issac Corp. (FICO), Monolithic Power Systems Inc. (MPWR), Carpenter Technology Corp. (CRS), and Kadant Inc. (KAI), powered through what was another volatile macro year to deliver on our goal of excess return for our clients.

Our long-term outlook never wavers. By owning what we believe to be the best allocators of capital with skilled management teams that demonstrate knowledge building cultures, adaptability, and capital allocation consistent with long-term value creation, we believe we can own a portfolio of smaller companies that will grow to become larger companies, thereby providing our investors attractive long-term risk adjusted returns.

Thank you for your commitment to the Strategy.

Sincerely,

Chris Faber
Portfolio Manager

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TOP TEN HOLDINGS AS OF 12/31/23	
Company	**% of Assets**
PTC Inc.	3.99%
Monolithic Power Systems Inc.	3.79%
Fair Isaac Corp.	3.70%
Curtiss-Wright Corp.	3.66%
ITT Inc.	3.65%
EastGroup Properties Inc.	3.61%
Kadant Inc.	3.47%
West Pharmaceutical Services Inc.	3.43%
Pool Corp.	3.37%
Eagle Materials Inc.	3.35%

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.

*The **price-earnings ratio** (**P/E ratio**) relates a company's share price to its earnings per share. A high P/E ratio could mean that a company's stock is over-valued, or else that investors are expecting high growth rates in the future.*

Life Cycle Stages

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***Rockets**: These are hyper-growth, early-stage companies which consume a lot of capital as they try to execute their business model. Typically, they are innovative with new products, new services, or new business processes that may threaten the status quo of existing larger companies. Upside potential may be huge, but so is downside risk. Volatility is high, and results are often binary.*

***Golden Goodies**: These are Rockets that have survived and proven that they have viable long-term business models. They have historically tended to grow faster than the overall market and need to beat the fade in returns by continuing to fend off competitive threats. These have a history of being classic asset compounders and will continue to create wealth for as long as they can beat that fade.*

***Falling Angels**: These are Golden Goodies whose growth rates have slowed because they have become so large or their economic returns have been falling because of competitive threats or an inability to find reinvestment opportunities at current high rates of return.*

***Corks**: These are mature companies where the economic returns approximate the cost of capital. Asset growth does not add or destroy value, so improving the level of economic return is critical to their success.*

***Turn Arounds**: These distressed companies are the victims of overcapacity, weak competitive position, or poor capital allocation. In order to be successful, they must divest the lower return segments of their overall business.*

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 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 (%)
2022	5,228.66	89.70	<5	-23.96	-24.60	-20.44	24.04	26.02	0.00
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

**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.*

***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.*