# Dividend Growth

## Portfolio Update: Annual Letter 2023

For the year 2023, the Dividend Growth Strategy (the "Strategy") increased +17.64% net of fees, outperforming the +7.58% return for the Morningstar U.S. Dividend Growth Index (MSDGI) while trailing the broader market's +26.29% total return for the S&P 500 Index.

| Performance | Q1 | Q2 | Q3 | Q4 | 1 Year | 3 Years | 5 Years | 10 Years | Since Inception (4/1/2005) |
|---|---|---|---|---|---|---|---|---|---|
| **Dividend Growth** (net of IM fees) | +4.23% | +3.53% | -2.02% | +11.27% | +17.64% | +10.39% | +16.32% | +11.33% | +8.55% |
| **Dividend Growth** (net of IM & WM fees) | +3.97% | +3.27% | -2.25% | +11.01% | +16.50% | +9.31% | +15.18% | +10.24% | +7.48% |
| **Morningstar U.S. Dividend Growth Index** | -0.06% | +2.92% | -3.74% | +8.66% | +7.58% | +6.26% | +10.12% | +8.35% | +7.16% |
| **S&P 500 Index** | +7.50% | +8.74% | -3.27% | +11.69% | +26.29% | +10.00% | +15.69% | +12.03% | +9.93% |

*Inception date: April 1, 2005. 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.*

2023 represents a huge bounce back for absolute U.S. equity market returns after an awful 2022. We were pleased that the Strategy significantly outperformed its style pure benchmark, the Morningstar U.S. Dividend Growth Index (MSDGI), after modestly trailing it last year. Over the last three and five years the Strategy also outperformed the MSDGI nicely. We would also note that the Strategy compares favorably to other actively managed products that follow a similar dividend growth strategy over these same three- and five-year time periods. Performance benefited from avoiding any real disasters in individual holdings during the year, with our worst performing stock down 16% and a few names that were around the flattish level. Avoiding big losers is just as important as owning big winners when constructing a concentrated portfolio of holdings and we were successful in avoiding any significant land mines this year. We'll discuss individual contributors and detractors in more detail in a moment.

Drilling into performance from a traditional attribution perspective, the Strategy's outperformance in 2023 relative to the MSDGI was driven more by sector allocation with a smaller, but still nicely positive contribution from stock selection. Our holdings and weightings in the Health Care, Information Technology, and Financials were notable positive contributors to performance along with non-ownership in the Energy and Utilities sectors. This was partially offset by negative contribution from the Consumer Discretionary and Consumer Staples sectors. As we look to 2024, we continue to like the lineup of high-quality individual businesses that we own but may make some moderate changes to the Strategy's sector weightings, given the strong run that several of our names have had. As always, we aim to be tax efficient for our taxable investors when considering making changes. As strong believers in concentrated, long-term investing with high active share, we believe Dividend Growth is positioned to outperform and compound returns for our investors over long periods of time.

Financial markets started off strong in 2023, with domestic equities experiencing one of the most powerful "January Effects" we've seen in decades. The January Effect is a financial phenomenon where the market starts the year off strong as tax loss harvesting trades from December are reversed and investors put year-end cash bonuses to work. This often results in the previous year's biggest losers rallying hard to start the new year and 2023 saw this phenomenon on steroids. Despite this backdrop, there was a lot of pessimism around where the economy was heading, with consensus predicting a recession to ensue. The Fed's rate hiking campaign, which had kicked off in early 2022 and continued into 2023 with the goal of bringing down inflation, was in the early stages of impacting economic demand. We were also in the camp that a recession was more likely than not, but also reminded our investors in last year's letter that "often some of the best long-term investing opportunities occur at points of maximum pessimism and uncertainty. While we wouldn't opine that we are at that type of extreme just yet, it pays to be somewhat contrarian when making asset allocation decisions and stay focused on the long term." That proved to be correct as equities rebounded from their awful performance in 2022, but in a magnitude much stronger than we or almost anyone predicted.

In reviewing 2023 financial markets, if we told you that the yield on the U.S. 10-year Treasury started the year at 3.88% and ended the year at 3.87% you would likely conclude it was a pretty boring year in the bond market. Well, it was anything but boring as rates continued to rise, peaking at just under 5% in mid-October, before rapidly declining into year end to finish around where they started. As a reminder, the 10-year started 2022 at just 1.50% when we were just beginning to emerge from the pandemic. The Fed's mission to kill off rampant inflation by raising interest rates while trying to engineer a soft landing for the economy (i.e. avoid a recession) is a real tightrope of a task. We've been skeptical that they would be able to pull this off and thought interest rates would stay higher for longer for inflation to be fully brought back under control. So far, rate hikes appear to have done a good job in bringing down inflation, as monthly Core CPI has declined to much more reasonable levels of around 3%, within shouting distance of the Fed's target of 2%. The last mile to bring it down to 2% may prove to be the most difficult part. Rates started dropping in November on lower long-term bond issuance and cooler inflation followed by the very surprising December "pivot" message that the Fed may be open to cutting interest rates next year. The bond market reacted quickly by pricing in rate cuts as early as March 2024 and the stock market soared in the fourth quarter. While the probability of a soft landing in 2024 has increased as a result of this change, we still have some skepticism that the Goldilocks scenario of inflation returning to 2%, unemployment remaining low, and GDP staying solidly positive will play out.

Outside the U.S., the macro-economic environment appears to be worse. Europe's economy has struggled to show much growth, although the bad case scenario entering last year of a nasty recession from energy shortages from the Ukrainian war was largely avoided in 2023. China, the world's second largest economy was a big disappointment for global growth, as the benefits of reopening its economy post-COVID failed to materialize. A residential property bubble, high levels of debt, low consumer confidence, export restrictions, and in the longer term, poor demographics are all leading to a weak Chinese economy. It's also become clear that China has become less capitalistic over the past several years and shows no signs of reembracing free markets. Given low quality government statistics, the domestic Chinese economy might be worse than is largely reported. One bright spot that has emerged in 2023 is Japan, as some of the benefits of Abenomics policy may finally be starting to improve this long dormant island nation. It may take a year or two before we know whether this is a head fake or the start of something more sustainable. While it varies considerably around the world, emerging market economies have generally struggled post the global surge in inflation and the outlook remains quite murky. Emerging market equities outside of China have performed decently, however. Geopolitics also appear to be as unstable as they have been in years, with no end in sight to the war in Ukraine, conflict in Gaza, and ongoing fragile relations between the U.S. and China over Taiwan. While we'd rather not even mention it, future leadership in the U.S. will be settled later this year in what looks likely to be a very unpopular and unsettling election.

U.S. corporations have weathered the inflationary onslaught and rising rate environment reasonably well over the past couple of years and enter 2024 in relatively good shape, as we don't see material signs of over investment or bloated cost structures. Corporate earnings for 2023 proved to be resilient, as earnings expectations for the year were revised downward by about 3%, which is actually less than a typical year. Wall Street analysts are notorious for being overly optimistic on earnings levels, which typically have to be trimmed lower as a year progresses and almost always miss the more significant inflection points in either direction. As we enter fourth quarter earnings season, market expectations are for the S&P 500 earnings to end up growing about 2-3% from 2022 levels. Forward estimates for 2024 are currently for low double-digit growth[1], which seem to be considerably too high given the current macro uncertainty. We wouldn't be surprised to see forward estimates get trimmed back over the next couple of quarters. 2023 was a year of rising P/E ratios, which moved particularly higher during the fourth quarter rally as interest rates declined. Unless interest rates decline considerably more from here, we see the current 19.6x multiple as being quite full by historical standards.

As bottom-up equity investors, we always have some hesitation to opine on "the market" as if it's one homogenous entity, yet we routinely follow this industry standard practice anyway. Last year, we told you that both our macro and bottom-up process found that the market was looking much more attractive, with better risk-rewards opportunities in individual stocks, but not to the point where we'd advise investors to allocate significantly more money to equities. Today, a bottom-up analysis of the Strategy shows a median reward-to-risk ratio a little less than 1x, which shows that upside is somewhat

[1] Source: FactSet.

limited relative to potential downside. Last year it was around the 2x level, but still not at the levels of 3x or more that get us really excited to add more money toward equities.[2] Macro market predictions are very difficult to make with any hopes of being consistently accurate, so we'll remain "macro aware" but keep our efforts principally focused on bottom-up stock selection. We have built a concentrated, yet diversified, portfolio of what we believe to be high-quality individual companies that can grow their earnings for years into the future and earn attractive returns on invested capital. No matter what happens with the current market cycle, we believe the Strategy positions us to outperform in the long-run without taking undue risk.

## Contributors and Detractors

The accompanying chart shows the Strategy's largest contributors and detractors to performance during the year. Given strong performance from the Technology sector within the MSDGI, which was up 45.1%, it's not surprising that many of our top contributors come from this sector. After being last year's largest detractor from performance, enterprise software and cloud services provider Microsoft Corp. (MSFT) bounced back and was this year's largest positive contributor to performance. Fundamentals for Microsoft remained strong this year as its Azure cloud services business continues to grow as corporate workloads move to the cloud and the industry operates as a fairly rational triopoly. Microsoft also made a big splash in 2023 with the emergence of artificial intelligence through its relationship with OpenAI, the owner of ChatGPT. Microsoft is arguably the second furthest-along of major technology companies in monetizing this emerging technology. There will certainly be much more to watch in 2024, including the recently launched Co Pilot add on for its iconic Office enterprise software suite. Azure should also see its growth enhanced by the adoption of AI, as its use is extremely compute intensive and generates vast amounts of data. Microsoft is the Strategy's largest position at year end, and we continue to like its multi-year outlook, but will manage risk by not letting the position size get too large.

**Dividend Growth**
**2023 CONTRIBUTION REPORT**
*Ranked by Basis Point Contribution*

| | Basis Point Contribution | Average Weight |
|---|---|---|
| **Top Contributors** | | |
| Microsoft Corp. | +415 | 7.86% |
| Intuit Inc. | +202 | 3.65% |
| Apple Inc. | +174 | 3.95% |
| CME Group Inc. | +124 | 4.26% |
| JPMorgan Chase & Co. | +115 | 4.36% |
| **Bottom Detractors** | | |
| Diageo PLC | -48 | 2.65% |
| Kenvue Inc. | -31 | 1.03% |
| Keurig Dr Pepper Inc. | -30 | 4.26% |
| Vail Resorts Inc. | -26 | 3.90% |
| Becton, Dickinson and Co. | -12 | 3.95% |

*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.*

Small business and consumer software provider Intuit Inc. (INTU), best known for its Quickbooks and TurboTax brands, was the second largest contributor in 2023, up a strong 62%. Intuit has seen strong growth in nearly all its brands, with the exception of Credit Karma, a testament to the stickiness of the products and consistent innovation that it provides its customers. On the business software side, Intuit has done a great job of entrenching itself into its customers business processes and moving its products to the cloud while continually adding new features and functionality. The acquisition of MailChimp also looks to be working well, as it has added more marketing services that it can cross sell to its existing Quickbooks customer base. On the consumer side, TurboTax is a slower growing, but highly cash generative business and it has launched a healthy amount of innovation that should spur moderate growth next year. CEO Sasan Goodarzi has done a tremendous job leading Intuit and we sleep well at night with his stewardship. We believe the outlook for Intuit as a compounder of shareholder value remains strong and it is the second largest position in the Strategy. Like Microsoft, we

[2] Source: FactSet.

will manage the position size around risk, valuation, and other names competing for capital, but foresee Intuit as a name to own for years to come.

On the negative side of the performance ledger, we had several names that detracted from performance in 2023. Our three largest detractors all came from the Consumer Staples sector, which performed poorly given its defensive characteristics against a strong market. Spirits and alcoholic beverage producer Diageo PLC (DEO) was the largest detractor. Sales have been on the disappointing side for Diageo, as the company is experiencing somewhat of a hangover post strong pandemic years. Surprisingly, Latin America has been the weakest segment, as consumers have traded down to both cheaper spirits brands and beer in a tougher economy and inflationary environment, compounded by distributors having too much inventory on hand. Other geographic regions for Diageo have been performing better but have also seen some normalization. The stock is probably our lowest conviction name in the Strategy and thus is the smallest position size. Should our conviction increase, we may consider adding to the name, but are also holding it up against other opportunities. While we are very long-term investors, we like to have all our holdings "competing for capital" within the portfolio and we are constantly making tradeoffs where we see opportunities, while trying to keep turnover fairly low.

Relatively new purchase Kenvue Inc. (KVUE) was the second largest detractor, of which we will discuss in more detail in the next section. Beverage manufacturer Keurig Dr Pepper Inc. (KDP) came in third on the "losers list" for 2023, as the stock didn't move much in an otherwise strong year. Keurig's fundamentals have been somewhat mixed, with volume and price strength on the cold beverage side and weakness on the hot side. We believe the worst is behind them for the Keurig coffee business, as pod consumption may show better growth in 2024. The stock trades at a significant discount to its beverage peers and could narrow that gap if it's able to meet or beat current earnings estimates. The position is about average sized in the Strategy at year end.

## Portfolio Activity

During the year, the Strategy purchased two new names, Kenvue Inc. (KVUE) and Zoetis Inc. (ZTS) and exited one name, RBA Global Inc. (RBA). We sold RBA after our ownership thesis became challenged with a highly controversial acquisition and the resignation of the CEO over disagreements with the Board over her compensation package. RBA's CFO also resigned in sympathy. We've seen some strange things over our 25 years in the industry and this one for the top 10 list. Fortunately, we were able to exit the stock at a reasonable price and move the money into holdings that we have a higher degree of confidence in. Overall, for 2023 we were on the low end of historical name and dollar turnover, but consistent with our "ownership mentality" that keeps turnover low and tax efficiency high by owning long-term compounding business models for years. While it's not always easy to predict ahead of time, looking forward to 2024, we'd expect turnover to be somewhat higher than what it has been the last couple of years. As we mentioned earlier, we've had some strong winners that may need to have position sizes reduced to manage risk and allocate to areas where we see better risk rewards.

Kenvue Inc. (KVUE), is a leading Consumer Staples company focused on over-the-counter consumer health care products. While a brand-new public company formed through a spin off from Johnson and Johnson (JNJ), Kenvue is anything but "new" with iconic and trusted brands that, in many cases, go back decades. These brands include Tylenol, Band-Aid, Neutrogena, Listerine, Aveeno, Johnson and Johnson's, Lubriderm, Rogaine, Zyrtec, and Nicorette. The stock had performed poorly in its first few months of independence, and we used the pullback in the stock price to start a position at what we believed was an attractive risk reward with excellent total return potential at a 3.5% dividend yield. Our thesis on Kenvue revolves around a strong, competitively advantaged company that can be optimized now that it has its own independence. The management team now has full control over its strategy to grow the business and how it allocates capital. Strength in the brands leads to solid pricing power and, over the long run, organic growth should be better than the 3-4% growth of its end markets, especially if KVUE can continue to innovate within its categories and expand usage occasions. The company's balance sheet is not overly burdened with debt and thus can support a healthy dividend that can grow in-line with earnings. There is an overhang on the stock from some class action litigation which we believe Kenvue has strong defenses from and could be a catalyst to improve valuation should litigation get resolved. We also like the defensive characteristics of the business which will help dampen the Strategy's economic cyclicality, as we have been underweight Consumer Staples relative to the MSDGI benchmark.

We also purchased a position in Zoetis Inc. (ZTS), the market leader in global sales of medicines and vaccines for animal health. They develop, manufacture, and market a broad portfolio of products for the livestock and companion animal end markets. Animal health is an attractive space within the overall healthcare sector, as it has unique characteristics different from human healthcare. These include a highly fragmented customer base (low buyer power), mostly cash pay (very little insurance or government pay), less severe patent cliffs, and a long tailwind for increased innovation. We believe this allows Zoetis to achieve attractive economics and build an economic moat versus competition. Zoetis has 68% gross margins, 36% EBIT margins and ROIC's in the low 20's. The increased humanization of companion pets has been a multi-decade trend driving secular growth for healthcare solutions. Pet owners have shown a willingness to spend whatever is necessary to keep their pets happy and healthy as they become family members. The animal health industry has consistently grown in the mid-single digits, with Zoetis outgrowing the industry by 3% per year over the past decade. The industry has also proven to be very resilient during tougher economic periods, which should make it reasonably defensive should the global macro backdrop continue to weaken. We believe Zoetis is a clear industry leader and see the space as an attractive place to invest capital for many years to come. Zoetis has demonstrated an ability to launch innovative, best-in-class drugs to drive a ~7% CAGR since its spin-off from Pfizer 12 years ago, which has also come with significant margin expansion. This growth is poised to continue, driven by global demand for innovative solutions, especially in companion animal parasiticides, dermatology and very recently launched monoclonal antibodies for pain that is already a blockbuster in Europe and just being launched in the U.S. This will be augmented by continued international and emerging market growth. We were able to enter into a starter position in the stock when it was well off its highs and will look to opportunistically add should the risk reward become more attractive. While Zoetis's absolute dividend yield isn't all that high, we believe it should grow at a 15-20% rate over the next several years. As part of a capital return strategy with an active buyback program, management has expressed a desire to continue to significantly grow the dividend, with a track record of a 20% historical growth rate since the IPO.

## Outlook

U.S. corporate earnings, which is the biggest long-term driver of stock prices, held up better in 2023 than we expected coming into the year. This has a lot to do with the macro economy which at around 3% estimated domestic GDP growth defied expectations of caving to the Fed's rate hike campaign. After the strong return of the market, equity valuations look to be on the expensive side at 19.6x 2024 and 17.4x 2025 earnings estimates versus a very long-term average around 16x. At the end of 2022, the forward one- and two-year multiples were 16.7x and 15.1x. As we mentioned earlier, we think there could be further downwards revisions to current forward estimates, which look overly optimistic to us and would only make the forward multiples even higher. We believe the stock market is pricing in a soft landing for the economy and, while we have to admit the probability of this playing out versus 12 months ago has increased, the risk of recession remains. The stock market is a forward discounting mechanism and reacted very positively to the Fed's "pivot" and subsequent decline in market interest rates during the fourth quarter. The bond market is pricing the first 25 basis point cut to occur in March, with four or five additional moves lower in subsequent months. Inflation expectations have moderated significantly, with the expectation that year-over-year inflation slows to 2-3% through 2024. So perhaps the Fed will help engineer a soft landing in 2024 after all, but we'll just have to see it to believe it, as historically it's been a difficult task to pull off. No matter what ultimately happens, we believe there is a fair amount of market volatility as this all plays out.

As always, while we may opine our view of the overall market, we do not pretend to have any ability of predicting where the market is heading in the short or intermediate term. It's a very difficult, if not impossible, task to add value by timing the market and using valuation as a tool to predict where market indices are heading. After a big rebound in 2023, we believe it remains prudent to keep return expectations modest for the next few years, i.e. mid-single digit types of returns for domestic equities. Hopefully we'll be surprised higher but given the starting point of a reasonably expensive market, we'd temper return expectations. We continue to focus the Strategy's efforts on owning companies we believe to have secular growth prospects, strong economic moats, underleveraged balance sheets, and superior management teams. These are companies we believe can compound economic value and grow their dividend payments for shareholders for years into the future. The opportunities to find high-quality dividend growth companies selling at highly attractive valuations is not overly abundant, but we will continue to use our "bottom-up" search to optimize the Strategy. If we adhere our disciplined investment process and manage portfolio risk, we aim to continue to add value to market returns in subsequent years.

We'd like to wish everyone a happy new year and a sincere thank you for the continued trust you place in us to manage your assets. If you have any questions, please do not hesitate to contact us.

Sincerely,

Todd Griesbach
Portfolio Manager

**TOP TEN HOLDINGS AS OF 12/31/23**

| Company | % of Assets |
|---|---|
| Microsoft Corp. | 8.47% |
| Intuit Inc. | 4.47% |
| Union Pacific Corp. | 4.44% |
| JPMorgan Chase & Co. | 4.35% |
| American Tower Corp. | 4.26% |
| Morgan Stanley | 4.26% |
| CME Group Inc. | 4.21% |
| UnitedHealth Group Inc. | 4.17% |
| Illinois Tool Works Inc. | 4.17% |
| Stryker Corp. | 4.10% |

*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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*The opinions and analyses expressed in this newsletter are based on Curi RMB Capital, LLC's ("Curi RMB") research and professional experience are expressed as of the date of our mailing of this newsletter. Certain information expressed represents an assessment at a specific point in time and is not intended to be a forecast or guarantee of future results, nor is it intended to speak to any future time periods. Curi RMB makes no warranty or representation, express or implied, nor does Curi RMB accept any liability, with respect to the information and data set forth herein, and Curi RMB specifically disclaims any duty to update any of the information and data contained in this newsletter. The information and data in this newsletter does not constitute legal, tax, accounting, investment or other professional advice. The information provided in this letter should not be considered a recommendation to purchase or sell any particular security. There is no assurance that any securities discussed herein will remain in the Portfolio at the time you receive this letter or that securities sold have not been repurchased. The securities discussed do not represent the entire Portfolio and, in the aggregate, may represent only a small percentage of their holdings. It should not be assumed that any securities transaction or holding discussed was or will prove to be profitable, or that the investment recommendations or decisions we make in the future will be profitable or will equal the investment performance of the securities discussed herein. A complete list of security recommendations made during the past 12 months is available upon request. An investment cannot be made directly in an index. The index data assumes reinvestment of all income and does not account* *for 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 your account. The Morningstar U.S. Dividend Growth Index is designed to provide exposure to securities in the Morningstar U.S. Markets Index with a history of uninterrupted dividend growth and the capacity to sustain that growth. The S&P 500 includes 500 leading companies in leading industries of the U.S. economy. The S&P 500 focuses on the large-cap segment of the market and covers approximately 75% of U.S. equities. High-quality stocks are those that we believe offer greater reliability and less risk. The quality assessment is made based on a combination of soft (e.g., management credibility) and hard (e.g., balance sheet stability) criteria.*

*RMB Asset Management is a division of Curi RMB Capital.*

### RMB Asset Management

**RMB Asset Management**
Dividend Growth Strategy // 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 Dividend Growth Strategy reflects the performance of fully discretionary equity accounts, which have an investment objective of long-term growth using a portfolio of primarily large-cap stocks and, for comparison purposes, is measured against the S&P 500 index. The inception date of the Dividend Growth Composite is April 1, 2005 and the Composite was created on April 1, 2005. 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 (%) | S&P 500 (%) | Composite 3-YR ST DEV (%) | S&P 500 3-YR ST DEV (%) | % Non-Fee Paying Assets | Composite Dispersion (%) |
| 2022 | 5,228.7 | 242.7 | 208 | -12.27 | -12.69 | -18.11 | 20.36 | 20.87 | 0.00 | 0.35 |
| 2021 | 6,277.6 | 307.8 | 221 | 31.58 | 30.96 | 28.71 | 17.69 | 17.17 | 0.00 | 0.27 |
| 2020 | 5240.6 | 168.9 | 154 | 16.14 | 15.59 | 18.40 | 18.58 | 18.53 | 0.00 | 0.92 |
| 2019 | 4,947.9 | 243.7 | 460 | 37.62 | 36.95 | 31.49 | 11.39 | 11.93 | 0.05 | 0.45 |
| 2018 | 4,196.9 | 204.2 | 474 | -2.11 | -2.58 | -4.38 | 10.89 | 10.80 | 0.07 | 0.36 |
| 2017 | 3,610.6 | 219.4 | 507 | 19.21 | 18.64 | 21.83 | 10.11 | 9.92 | 0.07 | 0.40 |
| 2016 | 3,047.5 | 204.6 | 516 | 14.77 | 14.21 | 11.96 | 10.95 | 10.59 | 0.06 | 0.41 |
| 2015 | 3,706.0 | 215.8 | 571 | -6.54 | -6.99 | 1.38 | 10.47 | 10.47 | 0.05 | 0.40 |
| 2014 | 3,312.9 | 260.4 | 640 | 12.48 | 11.93 | 13.69 | 9.68 | 8.97 | 0.04 | 0.38 |
| 2013 | 3,248.5 | 265.8 | 691 | 30.44 | 29.81 | 32.39 | 12.09 | 11.94 | 0.04 | 0.51 |
| 2012 | 2,585.9 | 200.5 | 621 | 14.52 | 13.93 | 16.00 | 14.98 | 15.09 | 0.04 | 0.47 |

***Fees*** | *Effective January 1, 2011, RMB Capital's asset 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 asset 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. Returns for those accounts prior to 3/1/19 do not reflect the deduction*

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*of asset-based pricing, and are therefore gross of trading expenses. These accounts represent approximately 81% of composite assets. In addition to an asset 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** | The account minimum in the Dividend Growth composite is currently $500 thousand. Prior to July 2020, the composite did not have a minimum.*

***Comparison with Market Indices** | RMB compares its Composite returns to a variety of market indices such as the S&P 500. 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 S&P 500 Index is widely regarded as the best single gauge of the U.S. equity market. It includes 500 leading companies in leading industries of the U.S. economy. The index focuses on the large-cap segment of the market and covers approximately 75% of the U.S. The index includes dividends reinvested. 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. Total Firm Assets as of 12/31 for the years 2011 and 2012 have been revised to exclude assets from personal trading accounts that were included in previously reported figures. 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.*