Equity Income

Portfolio Update: First Quarter 2024

During the first quarter ending March 31, 2024, the Equity Income Composite (the "Strategy") returned +9.11% gross of fees (+8.97%, net of fees) compared to +8.99% for the Russell 1000® Value Index.

	3 Months	YTD	1 Year	Since Inception
Equity Income (Gross)	+9.11%	+9.11%	+17.38%	+8.30%
Equity Income (Net of IM fees)	+8.97%	+8.97%	+16.80%	+7.76%
Equity Income (Net of IM & WM Fees)	+8.71%	+8.71%	+15.67%	+6.69%
Russell 1000® Value Index	+8.99%	+8.99%	+20.27%	+5.30%

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 March 31, 2024. 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 3.77% This compares to the dividend yield of the Russell 1000® Value benchmark of 2.09% and the S&P 500 yield of 1.31% Over the long-term, we believe the Strategy will maintain a total dividend yield roughly 1x – 2x the S&P 500 dividend yield (currently 2.9x).

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, four stocks maintained existing dividend policies: Dow Inc. (DOW), Huntington Bancshares Inc. (HBAN), M&T Bank Corp. (MTB) and Watsco Inc. (WSO), while Kenvue Inc. (KVUE) maintained its recently initiated dividend. The remaining stocks in the portfolio raised regular dividends by an average of 5.8% compared to the prior year. In addition to regular dividends, Diamondback Energy Inc. (FANG) declared a "special" dividend of $2.18/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. Dividend income contributed 1.0% of total return in the first quarter.

Equity markets continued the rally that started in the fourth quarter of 2023 as narrow leadership from the largest companies began to broaden out across the market. Growth stocks continued to outpace value, with the Russell 1000® Value Index increasing +8.99% compared to the Russell 1000® Growth Index gains of +11.41%. While Q4 gains were widely attributed to peaking bond yields and anticipation of monetary policy easing from the Fed, market expectations for cuts to the Fed Funds rate fell back in line with the Fed's dot plot during the quarter. Continued economic growth, strong employment, and persistent inflation is offering the Fed time to be patient with its rate normalization. The soft landing is now the consensus view for the macro backdrop. On the company-specific level, earnings results and guidance were good enough to support equity markets. 74% of S&P 500 stocks beat estimates, which is above long-term averages, but below average for the year.

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Contributors and Detractors

Within the strategy, every sector contributed positively to returns. On a relative basis, the performance of our Consumer Discretionary, Industrial, Technology, Healthcare, and Real Estate stocks outperformed the stocks in their benchmark, while Financials, Consumer Staples, and Energy stocks lagged their benchmark.

Equity Income
FIRST QUARTER 2024 CONTRIBUTION REPORT
Ranked by Basis Point Contribution

	Basis Point Contribution	Average Weight
Top Contributors		
Dick's Sporting Goods Inc.	+149	3.31%
Merck & Co. Inc.	+141	6.95%
Hubbell Inc.	+100	3.94%
Diamondback Energy Inc.	+78	2.74%
JP Morgan Chase & Co.	+75	4.17%
Bottom Detractors		
Gilead Sciences Inc.	-31	3.18%
Comcast Corp.	-3	3.81%
Kenvue Inc	-2	3.38%
Johnson & Johnson	+11	5.79%
Watsco Inc.	+2	3.32%

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.

Dick's Sporting Goods Inc. (DKS) was the top contributor this quarter, contributing 149bps to performance, after being a top 5 contributor last quarter. As highlighted in our previous letter, Dick's recovered from a material EPS miss earlier in the year. After that market overreaction, we added to the position, reflecting our conviction in the company's long-term strategy and the market's modest expectations. This quarter, the company once again delivered strong results, as pricing gains drove 2.8% same-store sales growth and EPS of $3.85 came in $0.49 above estimates. During the conference call, management offered new details about the favorable economics of its new concepts, both the House of Sport and the remodels of its 50,000 square foot stores. This helped convince investors and analysts that the company's margin improvement is more likely to be a structural shift than a cyclical one. We are highlighting the company again this quarter not only because it was the largest positive contributor, but also to illustrate the risk controls embedded in our investment process. We have all heard that great companies are not always great stocks. Changes in investor sentiment (and stock prices) can increase or decrease our expected returns for each stock in the Strategy. As Dick's increased in value, it approached our estimate of the bull case target. At the same time, its weight in the Strategy increased and it became an outlier in our proprietary risk models, which indicated a risk-adjusted weighting that was much higher than the underlying weight in the portfolio. We therefore reduced the weight of Dick's to mitigate the impact of an adverse outcome. In this case, performance would have been even better if we had not trimmed the position. However, we cannot predict outcomes, we can only control the process. Over the course of time, we believe risk management is likely to help more than it hurts. We believe that a clear understanding of the risks being taken in a portfolio is paramount to providing institutional-quality investment management, and we apply this risk lens to every strategy we manage. Dick's announced a 10% dividend increase during the quarter, implying an annual dividend yield of 2.0%

Merck & Co. Inc. (MRK) was also a top contributor this quarter, contributing 141bps to performance. Merck reported 6% sales growth (13% growth excluding its COVID anti-viral sales and foreign exchange), driven by strong growth of Keytruda, the world's leading cancer-fighting immunotherapy drug. Global sales of Keytruda grew 22% to $6.6B in the quarter. Importantly, growth was driven by uptake in earlier stage cancers, which has been a focus of the company's growth efforts. In 2028, Merck's patents on Keytruda will begin to expire – this has been an overhang on the stock for many years, as is often the case for patent expiry on blockbuster drugs. The recent strength in Merck's stock has been supported by positive progress on filling its pipeline. Merck has multiple major data points coming out in 2024 tied to drug approvals and launches, the first of which occurred shortly after the end of Q1 with the FDA's approval of Winrevair (Sotatercept) for the treatment of adult patients with pulmonary arterial hypertension (PAH). That drug could see peak annual sales of $2B - $6B, a material offset to the roughly $6Billion annual sales headwind analysts believe MRK will face in 2029 with the patent expiration. Merck ended the quarter with a 2.4% dividend yield.

Gilead Sciences Inc. (GILD) was the largest portfolio detractor this quarter, detracting 31bps from performance. In January, the company announced a disappointing outcome to its Phase III trial of its Trodelvy cancer treatment for non-small cell lung cancer. While this was disappointing, it does not represent a violation of our investment thesis, which is predicated on Gilead reinvesting the growing cash flows from its HIV franchise into its portfolio. Gilead still has four more phase III trials this year as it continues its strategy to strengthen and diversify its portfolio in virology, oncology, and inflammation. GILD ended the quarter with a 4.2% dividend yield.

Comcast Corp. (CMCSA) was also a modest detractor, detracting 3bps from total return during the quarter. The company finished the year with ~10% growth in earnings and free cash flow, despite competitive pressures from wireless carriers, peak streaming losses and Peacock, and elevated capex related to the Epic Universe theme park in Orlando. While cord-cutting from residential cable subscribers remains a secular headwind, Comcast treats its businesses appropriately based on their position in the lifecycle. It is managing the mature/declining linear cable business for profits and cash flow, while investing in growth drivers (broadband, wireless, parks, business services, streaming and premium content/studio). During the quarter, Comcast announced a 7% increase in its annual dividend, implying an annual yield of 2.9% at quarter-end.

Portfolio Activity

During the quarter, there were several small trims and adds, but we did not purchase any new companies, nor did will sell any positions to zero. Our goal is to keep turnover “low, but healthy,” as stocks compete for a place in the portfolio.

As discussed above, we make position size changes based on the risk/reward and fundamental opportunities we see with existing holdings. We increased our positions in Verizon Communications Inc. (VZ), PepsiCo Inc. (PEP), Huntington Bancshares Inc. (HBAN), EOG Resources Inc. (EOG), and Federal Realty Investment Trust (FRT). We reduced our weight in Dick’s Sporting Goods Inc. (DKS), Merck & Co. Inc. (MRK) and JP Morgan Chase & Co. (JPM).

Outlook

We don’t claim to have repeatable skill in forecasting what markets will do over the next 12 months, but it’s important to have a sense for which way the wind is blowing. Election years tend to be positive for stocks, and we suspect that will be the case this year as well. Between 1928-2016, the average return in all presidential election years was 11.28%, with positive performance 83% of the time. Post-WWII, the only election years that were negative were 2000 (tech bubble bursting), and 2008 (Global Financial Crisis). In addition to the economy’s resiliency in the face of restrictive (but likely peaking) monetary policy, certain parts of the economy should also benefit from the release of fiscal stimulus (Chips and Science Act, Inflation Reduction Act, Infrastructure Investment and Jobs Act), investments supporting breakthroughs in Artificial Intelligence, investments in on-shoring and grid-hardening, etc. Unlike the stimulus checks of the Pandemic-era, which were designed to fill the holes created by demand destruction, investments in productivity-generating equipment, software, infrastructure, etc. should help fuel long-term growth, which is encouraging. The factors that could work against the markets this year include above-average valuations, a Fed policy error, fallout from challenges in the office property markets, and a host of other unforecastable factors.

Rather than worrying about what we cannot control, we focus on identifying companies that we believe can beat market expectations for growth and returns on capital. 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

Equity Income

TOP TEN HOLDINGS AS OF 3/31/24	
Company	**% of Assets**
Merck & Co. Inc.	6.31%
Johnson & Johnson	5.44%
Verizon Communications Inc.	4.90%
Federal Realty Investment Trust	4.72%
Old Republic International Corp.	4.54%
PepsiCo Inc.	4.49%
Chevron Corp.	4.47%
BlackRock Inc.	4.32%
Hubbell Inc.	4.25%
Altria Group Inc.	4.03%

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 U.S. economy. The S&P 500 focuses on the large cap segment of the market and covers approximately 75% of U.S. 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.

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RMB Asset Management

Equity Income Composite // GIPS Report

Organization | Curi RMB Capital, LLC ("Curi 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 Curi RMB Capital. 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, 2022. 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 (%)
2023	6,235.5	167.4	455	7.10	6.57	11.46	N/A	16.51	0.38
2022	5,228.7	89.0	265	2.38	1.87	-7.54	N/A	N/A	N/A

Fees | *Effective March 2, 2022, Curi RMB Capital's management fee schedule for this Composite is as follows: 0.50% on the first $1.0 million, 0.5% on the next $2.0 million, 0.475% on the next $2.0 million, 0.45% on the next $5.0 million, 0.425% on the next $15.0 million, and 0.400% over $25.0 million. Net returns are computed by subtracting the highest applicable fee (0.50% on an annual basis) on a quarterly basis from the gross composite quarterly return, and the resulting quarterly net figures are compounded to calculate the annual net return. Actual management fees charged by Curi RMB Capital 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 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 Curi 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 $100,000 account minimum for the Equity Income composite.*

Comparison with Market Indices | *Curi RMB Capital 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.*