Innovators

Portfolio Update: First Quarter 2025

During the quarter ending March 31, 2025, the RMB Innovators strategy (the "Strategy') returned -7.78%, gross of fees (-8.00% net of fees), compared to a -14.56% return for the Russell 2500® Software and Computer Services Index (the "Benchmark").

	3 Months	YTD	1 Year	Since Inception
Innovators (Gross)	-7.78%	-7.78%	-4.97%	+10.63%
Innovators (Net of IM fees)*	-8.00%	-8.00%	-6.04%	+9.53%
Innovators (Net of IM & WM Fees)	-8.26%	-8.26%	-6.98%	+8.46%
Russell 2500® Software and Computer Services Index	-14.56%	-14.56%	-7.13%	+3.53%

Inception date: July 31, 2022. Performance for periods of 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 3/31/2025. 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. Curi RMB Capital makes no warranty or representation, expressed or implied, nor does Curi RMB Capital accept any liability, with respect to the information and data set forth herein, and RMB Capital specifically disclaims any duty to update any of the information and data contained in this strategy overview. RMB Asset Management is a division of Curi RMB Capital, LLC.

U.S. equity markets came into the year with a high bar for success after two consecutive years of 20%+ returns. Accordingly, the S&P 500 retraced some of those gains in the first quarter. Technology and Consumer discretionary stocks were hit the hardest, while defensive sectors like Consumer Staples, Health Care, and Utilities were up in the quarter.

In January, a Chinese AI outfit called DeepSeek released a surprisingly effective AI model while claiming to use much less in the way of compute power (costing much less and using less energy). While leading edge AI would still require leading edge chips, DeepSeek's open-source nature and much lower cost shocked markets and called into question whether the U.S. and leading companies have sustainable competitive advantages and whether the AI capital expenditure arms race could sustain pace. Investors used this shock as a catalyst to sell mega-cap tech stocks. Meta, (who's open-source Llama model was used by DeepSeek) was the only one of the Magnificent 7[1] that wasn't down double-digits. We see the large language model training and inference efficiencies demonstrated by DeepSeek as a potential catalyst for greater demand and in some cases lower expenses for several of the companies owned in the Innovators portfolio, and for the cloud software group in general. Indeed, cloud software stocks, many with connections to the AI infrastructure or applications, traded up on the day of the initial DeepSeek announcement even as stocks heavily tied to the AI hardware ecosystem, such as Nvidia, sold off sharply.

It would be an understatement to say that changes in Washington influenced markets during the quarter. In his first days in office, President Trump made it clear that tariffs were going to be an important tool for reducing the trade deficits with our trading partners, including Mexico and Canada and especially China. There were retaliations, escalations, postponements, and exemptions, but by March, Trump was focused on promoting April 2nd as "Liberation Day" when "reciprocal" tariffs would be announced. Even in advance of these tariff details, companies, consumers, and investors began adjusting expectations and behaviors in anticipation of the changes.

The cloud software group, a subset of the greater software industry and the area from which the Innovators holdings are selected, fell 13.5% in the quarter in keeping with the "high beta" nature of this group which we highlighted in the last letter. This decline mostly occurred in the last six weeks of the quarter as the broader market concerns about trade policy uncertainty and its consequent effect on the economy intensified. Cloud software companies tend to be earlier stage

[1] The "Magnificent 7" refers to the following stocks: Apple Inc. (AAPL), Microsoft Corp. (MSFT), Alphabet Inc. (GOOG), Amazon.com Inc. (AMZN), Tesla Inc. (TSLA), Meta Platforms Inc. (META), and NVIDIA Corp. (NVDA).

companies with much of their cumulative revenues, earnings, and cash flow expected to come in future years. As with many companies, a weaker economy threatens both the magnitude and timing of these companies' financial performance. With tariffs as the driver of a potential U.S. recession, the Fed faces the unusual tension of slowing economic growth and rising prices (stagflation). These conditions raise the prospect of interest rates being kept at a higher level for longer than expected even in a weaker economy. This interest rate dynamic is a disproportionate negative for stocks of early-stage companies with cash flows set to come far in the future. Altogether, these factors combined to pressure the broader market and the cloud software universe even more so.

Contributors and Detractors

Contributors were those companies executing well on company-specific factors such as sales execution improvement and innovation in product development, in addition to a slightly improved macro backdrop.

Zscaler Inc. (ZS) is a leading cloud-based network security vendor that enables a zero-trust connection between users and cloud-based applications. ZS has benefited from an ongoing consolidation trend within the Secure Access Service Edge (SASE) market in the displacement of legacy firewall technology. This has resulted in improving growth momentum due to strong additions of new customers as well as upselling of products like ZDX, workload protection, and Zero Trust Branch to existing customers. The company's solid earnings report during the quarter highlighted the success of its recent sales organization changes which take a more account-centric approach under the leadership of its new Chief Revenue Officer Mike Rich.

Cloudflare Inc. (NET) is a cloud-based internet infrastructure and cybersecurity company providing content delivery network services, network security, and developer services. The company has successfully evolved into a multi-platform vendor which is disrupting the legacy network infrastructure market. NET was one of the contributors to the portfolio's performance during the quarter as it reported solid Q4 results reflecting an improving demand backdrop, a notable pick up of AI inference activity (a revenue driver for NET), and significant sales productivity improvement. In late March, the company hosted an investor day to lay out a compelling plan to sustainably accelerate growth over the next four years driven by product innovation, GenAI monetization opportunities, and its expanding cybersecurity portfolio.

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FIRST QUARTER 2025 CONTRIBUTION REPORT
Ranked by Basis Point Contribution

	Basis Point Contribution	Average Weight
Top Contributors		
CrowdStrike Holdings Inc.	+49	14.10%
Zscaler Inc.	+35	6.42%
monday.com Ltd.	+14	11.96%
Cloudflare Inc.	+5	15.73%
Bottom Detractors		
Datadog Inc.	-251	8.81%
MongoDB Inc.	-236	10.50%
HubSpot Inc.	-141	8.59%
Procore Technologies Inc.	-116	8.70%

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.

Detractors were impacted by company-specific factors related to products, customer ramps, and fluctuations in the demand environment.

Datadog Inc (DDOG) operates an observability and security platform for cloud applications. Its momentum is closely tied to demand trends at the major cloud service providers, Amazon AWS, Microsoft Azure, and Alphabet's Google Cloud Platform. DDOG was the biggest detractor from portfolio performance during the quarter, due to the disappointing Q4 earnings results despite a recent improvement in overall cloud services demand. The company noted one of its larger customers optimizing, or throttling, the amount spent on services to support its generative AI capabilities. The management team also called for patience regarding the transition from AI model training to AI model inference, which is expected to benefit infrastructure software providers like DDOG.

MongoDB Inc. (MDB) provides next-generation, non-relational database capabilities to companies of all sizes around the world in a cloud-based, on-premise, or hybrid environment. Like last quarter, the stock sold off on mixed earning results. MDB's most important growth driver, its Atlas cloud database product, did recovery after missing high expectations last quarter, but the company said its legacy Enterprise Advanced database product was now expected to contract in the new fiscal year due to weaker customer contract renewals. This resulted in guidance for just 13% overall revenue growth for the year, a step down from MDB's consistent track record of 20%+ growth. While our conviction comes down slightly, its management team, well known for being conservative with guidance, has now sufficiently reset investor expectations lower. We remain optimistic on MDB as an important beneficiary of future stages of the AI rollout which should drive growth re-acceleration in the future.

Portfolio Activity

During the quarter we made small opportunistic additions to holdings Zscaler and Datadog where our long-term conviction remained solid, and the stocks presented attractive entry points. As described above, Zscaler is seeing notable traction from recent improvement to its sales leadership and sales organization. Meanwhile, Datadog had traded to levels that overly extrapolated the near-term effect of economic uncertainty on cloud services demand.

We made modest trims to Cloudflare, CrowdStrike, and monday.com. While each of these names remain among the highest conviction holdings in the portfolio, they had become a disproportionately high share of the portfolio's idiosyncratic (stock-specific) risk as measured by our proprietary Alphacuity risk management software.

Outlook

As the dynamic environment of 2025 unfolds, we continue to maintain high awareness of the cloud software group's collective fundamentals, valuation, and sentiment. Software companies are relatively insulated from the direct effects of potential import/export tariffs since they don't sell physical goods and often deliver services over the internet, bypassing customs. The bigger risk is a softer demand environment as tariffs slow the global economy. However, we see cloud software products addressing critical areas like cybersecurity, cloud-based data management, and digital customer engagement as being less discretionary and central to helping companies accomplish digital transformation. And of course, there is the important part that cloud software plays in building out the infrastructure and applications to deliver artificial intelligence. Altogether, this should keep software fundamentals steady at just above average.

With high-volatility parts of the market like software and semiconductor remaining out of favor and now 30-35% off 52-week highs, the Relative Strength Index (RSI) for the cloud software group ended the quarter near a 5-year low. We have also seen the market's Volatility Index (VIX) or "fear gauge" spike to a level only eclipsed at the heights of the 2020 COVID pandemic panic and 2008 Global Financial Crisis. These represent levels of concern that will certainly moderate with time, leaving our forward-looking assessment of sentiment at a quite positive level.

With the cloud software group down around 20% year-to-date and fundamental estimates stable for the time being, valuations have meaningfully improved to a neutral level. Cloud software valuations have favorably "de-rated" by more than those of the broad software industry and are now very near 5-year pre-COVID averages. While the various possible paths forward for interest rates add some uncertainty, valuations have clearly moderated nicely after a big run-up in the wake of the Q424 U.S. presidential election.

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With further improvements in sentiment and valuation from last quarter, and a fundamental picture that looks reasonably stable, our overall assessment of the group has moved further into the attractive zone. Critical points to watch will be 1) how software and cloud services demand trends in the face of significant global trade policy uncertainty and a potential consequent U.S. or global recession and 2) how the interest rate policy responses of the Fed and other central banks impact the valuation investors place on early-stage industries like cloud software.

While the near-term economic picture has become decidedly less certain at the outset of 2025, cloud software continues to be a critical driver of corporate growth and operating efficiency. In the event of a recession, we anticipate corporate spending on the most mission critical areas of software to remain resilient. Secular trends like AI adoption, cloud computing, and digital transformation will continue to steadily progress in the background. Adaptation and innovation will remain a corporate imperative, with cloud software and services being an important enabler of both. We remain optimistic that the dynamic companies held in this portfolio will be long-term beneficiaries of these trends.

Thank you for your commitment to the Strategy. If you have questions, please do not hesitate to contact us.

Sincerely,

Tom Fanter
Partner, Portfolio Manager

TOP FIVE HOLDINGS AS OF 3/31/25

Company	% of Assets
CrowdStrike Holdings Inc. (CRWD)	14.26%
Cloudflare Inc. (NET)	14.21%
monday.com Ltd. (MNDY)	11.08%
Datadog Inc. (DDOG)	10.27%
Zscaler Inc. (ZS)	9.60%

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.

invested and include the reinvestment of income. The Russell 2500® Software and Computer Services Index. measures the performance of the Software and Computer Services segment of the 2,500 smallest companies in the Russell 3000 ® Index in the U.S. equity universe. An investment cannot be made directly in an index.

RMB Asset Management

Innovators 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 Innovators Strategy reflects the performance of fully discretionary equity accounts, highly concentrated of 8-15 publicly-traded enterprise software companies which we believe are particularly well-positioned to capitalize on long duration growth opportunities and for comparison purposes is measured against the Russell 2500® Software and Computer Services Index. The inception date of the Innovators Composite is July 31, 2022 and the Composite was created on July 31, 2022. 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 2500® Software and Computer Services (%)	Composite 3-YR ST DEV (%)	Russell 2500® Software and Computer Services 3-YR ST DEV (%)	Composite Dispersion (%)
2023	6,235.5	$35.20	72	70.71	69.22	27.05	N.A	N.A	1.23

Fees | *Effective January 1, 2011, Curi RMB Capital's management fee schedule for this Composite is as follows: 1.00% on the first $10.0 million, 0.85% on the next $10.0 million, and 0.70% over $20.0 million. Net returns are computed by subtracting the highest applicable fee (1.00% 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 no 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 2500® Software and Computer Services 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 2500® Software and Computer Services Index. measures the performance of the Software and Computer Services segment of the 2,500 smallest companies in the Russell 3000® Index in the U.S. equity universe. 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.*