

THE WALL STREET TRANSCRIPT

Connecting Market Leaders with Investors

Analyzing Global Companies Through a Corporate Life Cycle Framework



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SECTOR — GENERAL INVESTING

TWST: Let's start with an overview of Curi Capital and RMB Funds, an introduction to the business, if you will.

Mr. Plumb: Curi Capital is a registered investment advisory firm dedicated to growing and preserving wealth for individuals and institutions. We bring together in-depth planning with sophisticated institutional-quality investment management solutions to meet our clients' needs. We have a highly experienced investment team focused on fixed income, equities, and alternative investments. We offer clients the opportunity to invest in our strategies either through separately managed accounts or seven different mutual funds under the RMB Funds umbrella.

Within equities, our team manages roughly \$4 billion across U.S. large, international, and U.S. small and mid. Charlie Hennes and I manage the RMB International Fund (RMBTX), which has approximately \$300 million in assets, while separately managed accounts in the strategy account for another \$250 million.¹

TWST: What would you point out as key characteristics and differentiators of your overall investment approach and philosophy?

Mr. Plumb: Our investment philosophy is simply to identify companies that we believe are the best allocators of shareholder capital and invest in those companies when we believe they offer an attractive risk/reward profile. We believe owning high-quality concentrated strategies with a long-term investment horizon offers the best opportunity to build wealth for our clients.

We analyze companies and construct portfolios through the lens of the corporate life cycle. Companies generally progress through five stages: accelerating, compounding, maturing or renewal, mature, and finally, turnaround. We use a proprietary quantitative approach to categorize every company into one of these stages. Value creation can occur across the entire life cycle, so long as capital allocation priorities and management skill are aligned appropriately.

For example, in the compounding phase, we look for companies with high returns on capital with ample opportunity to reinvest in the business. For mature or turnaround companies, we look for unproductive assets to be divested or productivity initiatives focused on improving ROIs. This usually occurs when there's a change in management.

We spend a lot of time assessing management skill, competitive position, corporate culture, board governance, and how well compensation is aligned with shareholder value creation.

Finally, we apply our proprietary discounted cash flow model, which is driven by our forecast of ROI, asset reinvestment and life cycle fade to assess a range of outcomes tied to our investment thesis and value creation drivers for the company.

TWST: Is there anything you'd add about your research and investment process, starting with defining your investable universe all the way to portfolio construction?

Mr. Henness: Our International Fund is a developed world non-U.S. fund, so our benchmark is the MSCI EAFE Index.ⁱⁱ The EAFE has about 675 companies, which are largely our fishing pond for ideas.

It's probably worth noting that the developed international markets skew to companies that reside on the right side of the life cycle, more mature businesses, which is in contrast to the U.S. The current concentration in the U.S. skews that universe towards the early and higher return stages of the life cycle.

“We maintain a short list of companies we believe to be on the ‘five-yard line,’ and we execute when the market presents an opportune time to enter a name, or there is a compelling upgrade opportunity, in other words, what we’re buying we believe to be a superior long-term opportunity versus what we’re selling.”

In terms of stock selection, and elaborating on what Jim discussed, we use our proprietary life cycle approach to identify companies we believe are allocating capital in line with where they reside on the life cycle, and when we believe that the stocks can beat market expectations. We use our proprietary return on capital model, which we call Dashboard, for identifying skillful capital allocation and for underwriting our valuations.

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And in terms of portfolio construction, we diversify across sectors and life cycles, while also diversifying across countries. We have two proprietary software tools that help us manage the portfolios, including stock and portfolio risks.

TWST: I’m hoping you can tell us about some specific holdings and how they illustrate what you’re looking for in investments, perhaps one from each stage of the corporate life cycle.

Mr. Plumb: We would be happy to. Let’s start with **Sandoz** (OTCMKTS:SDZNY). This is a great example of a company we recently purchased in the accelerating phase of the corporate life cycle. **Sandoz** is a Basel, Switzerland-based company specializing in developing generic drugs and biosimilars. The company was spun out of Novartis in 2023, which unlocked an opportunity for management to focus its capital allocation priorities towards accelerating growth, specifically in the emerging biosimilar market.

A biosimilar drug is a biological medication that is highly similar to an already-FDA-approved biologic drug, but offered at a

lower price with no clinically meaningful difference in terms of safety, effectiveness and treatment risk compared to the biologic. This is by far the company’s fastest growing and most profitable business, where they have the largest market share, and one of the strongest pipelines of drugs in development.

Over the next decade there’s an estimated hundreds of billions of dollars in patented drugs losing exclusivity. **Sandoz** is investing in capacity today to capture this massive opportunity. Unlike many of its European pharmaceutical peers with large exposure to the U.S. market, **Sandoz** has less than 20%, including very little exposure to Medicare or Medicaid, and is less at risk to most-favored-nation policies and tariffs.

Our view is that the market is not yet fully appreciating the long-term reinvestment opportunity for the company, where ROI on future growth is likely to be significantly higher. Using our proprietary framework for valuation, if **Sandoz** can grow high-single-digits over the next five years while at the same time improving ROIs by 400 basis points to 500 basis points, we believe the stock could be worth north of EUR100, or nearly 80% upside from current prices.

Next, I’ll discuss **Elis** (EPA:ELIS), which is a compounder earning high and stable returns on investment with mid-single-digit growth opportunity. **Elis** is a French-based company that can be thought of as the **Cintas** of Europe. It provides linen leasing, workwear, and cleaning services across Europe and Latin America. It has the number one or number two market share in the majority of the regions it operates, including north of 60% share in its home country of France. There is a direct relationship between market share and profitability given the scale and route density leverage.

1-Year Daily Chart of Elis SA

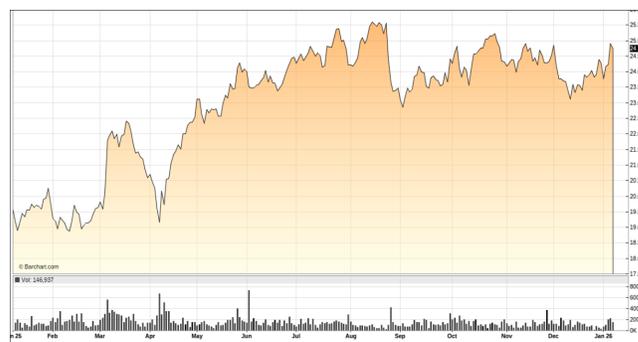


Chart provided by www.BigCharts.com

For example, in France **Elis** earns greater than 40% EBITDAⁱⁱⁱ margins, but has significant headroom to improve margins in the U.K., where its market share is closer to 20% and margins are around 30%. **Elis** has expanded its market presence through both organic growth and

M&A. We anticipate M&A to be a value-creating driver for the company as acquired businesses enjoy scale benefits and ultimately drive higher returns.

We purchased the stock earlier this year around EUR19 per share, and our current high target is around EUR42, so still roughly 70% upside from current prices. If, however, growth begins to stall and little to no benefit to ROI^{iv} occurs, we see downside around EUR16 or negative 30%. We view that as a pretty attractive risk/reward.

Mr. Henness: We're going to shift to the right hand side of the life cycle, so I'll highlight a company on the mature end of the life cycle spectrum, U.K.-based **Barclays** (NYSE:BCS). Its roots go back to London in the 1600s, but it actually got its name when James Barclay came on board as a partner in 1736.

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Barclays' business mix is closer to that of a U.S. megabank like **JPMorgan** or **Bank of America** than it is a U.S. community bank. About half of **Barclays** revenues come from net interest income, or the spread between deposits and what yield they earn on loans and the bond portfolio. The other half comes from non-interest income or fees, with a heavy skew from its investment bank.

Where growth, addressable market expansion, reinvestment opportunities and development of competitive advantages are key areas of capital allocation focus for the left side of the life cycle. We believe mature companies should have a different set of capital allocation priorities. Here we focus on companies that can drive sustained improvement in return on capital, while we also are favoring capital return over growth.

We believe that **Barclays**, led by CEO Venkat, is both driving sustainable improvements in returns and striking a nice balance with capital return. Before joining **Barclays** in 2016 as Chief Risk Officer, Venkat had a 22-year run at **JPMorgan**. In order to achieve structural improvements in returns, Venkat has worked to shrink the overall investment bank, which is relatively capital intensive, while also optimizing divisional efficiencies in areas like U.S. cards.

Capital return has also been a focus, and here they've deployed excess capital into buybacks, which has resulted in their shares outstanding shrinking at an annual clip of about 4% over the last few years.

The bank side of the business has a structural interest rate hedge in place, which is reinvesting at higher margins given interest rates are higher today than during the bizarre period before and throughout the COVID pandemic.

The ultra-low interest rate environment that existed for more than 10 years after the GFC wreaked havoc on the banking sector and spread revenues that they earned between deposits and assets. The environment has changed for the better. Interest rates are no longer zero or negative, and this is a much better backdrop for the overall group.

The stock has performed well since we initiated the position almost a year ago, but we still see material upside from here, with our

high target of roughly GBP7.4 providing a solid upside to the around GBP4 where the stock trades today. Our low target is closer to GBP3.2, or about 20% downside. On a simple price-to-earnings metric, the stock is valued around 9 times, which is well below U.S. counterparts that are valued around 14 times.

TWST: Is there one from the turnaround stage that you could highlight?

Mr. Plumb: When we think about investing across the life cycle, we do look at the investable universe and, as we mentioned, we categorize all the companies. Turnarounds today for our investable universe is about 5%, so it's not significant. We will own turnarounds from time to time, however they can be difficult. Today we do not own any companies in the turnaround stage.

TWST: Where are you seeing your biggest contributors in the last quarter or two, whether particular companies or trends in terms of sectors or countries?

Mr. Plumb: We saw the greatest contribution this quarter from technology and utilities. Specifically in technology it was tech hardware, with our ownership in **Murata** (OTCMKTS:MRAAY) and **ASML** (NASDAQ:ASML). We don't own any software names in the portfolio, which also contributed positively to performance, as this industry has been under considerable pressure on fears that AI will disrupt application software companies.

1-Year Daily Chart of Barclays Plc



Chart provided by www.BigCharts.com

ASML has a virtual monopoly on machines used to make the most leading edge semiconductors, and reported a strong quarter. **Murata** is the market leader in multi-layer ceramic capacitors and has experienced significant demand from electrical everything, including data centers.

In utilities, we own **Kansai Electric** (OTCMKTS:KAEPY), which is Japan's second largest power utility company, but the leader in nuclear energy, where the company has plans to construct new plants.

The stock was weak earlier in the year following an overhang from an unexpected large equity raise, but has since recovered on solid earnings.

Elliott Management disclosed a large activist position in the stock late in the quarter, pushing the company to sell non-core assets and return cash to shareholders, which we would agree would be value creating, given the current low ROI for the company.

TWST: On the flip side, where are you seeing greater challenges for portfolio performance right now?

Mr. Plumb: It really hasn't been a particular sector or industry, but rather companies with high exposure to China that really struggled in the last quarter.

For example, **AB InBev** (NYSE:BUD) has seen volumes under significant pressure in China as consumers cut back on premium brands. **Sika** (OTCMKTS:SXYAY), which is a global construction chemical company, has reported ongoing weakness tied to China's construction industry, which is showing no signs of a sustained recovery. In fact, the company is laying off 1,500 workers in response. And of course, auto companies like **BMW** (OTCMKTS:BMWYY) continue to lose market share to local Chinese OEMs.

Despite these headwinds, our overall portfolio manages risk not just by sector or life cycle, but also by countries and regions. So, our China exposure has not been a significant overall headwind to performance.

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TWST: That speaks to another question I have, which is, are you seeing particularly good opportunities in specific countries or regions, or are there any that you’re particularly cautious about right now?

Mr. Henness: Thematically we still really like Japan. In 2012, Prime Minister Shinzo Abe rolled out three areas of strategic focus, which were famously dubbed “arrows” at the time, and they’re aimed at ending decades of stagnation and deflation. While two of the arrows were focused on expansive monetary and fiscal policy, the third focused on structural reforms, including corporate governance.

Following World War II, Japanese vertically integrated monopolies known as zaibatsu were forced to break up. The leftover smaller companies formed horizontal allegiances which were solidified through crossholding investments. This had been the norm until recently, when improving company governance and capital efficiency became a national priority in the third arrow, so to speak.

Actually, in 2023, the Tokyo Stock Exchange started to request that listed companies adopt improved management practices, with a focus on returns and stock price. It was explicitly targeting firms with low price-to-book ratios, and those failing to meet governance and capital efficiency standards are at risk of being delisted. The result has been a reprioritization around returns and capital efficiency. In many cases, this is selling crossholdings and buying back stock.

There are a lot of mature companies in Japan, as we classify them, which are now pursuing value creation strategies aligned with their

life cycle stage. An Abe disciple, Sanae Takaichi, was recently elected, so we believe that this will further cement the focus on improving shareholder returns with Japanese companies.

On the other hand, exposure to China is where we remain somewhat cautious. China has struggled to truly recover post COVID, and even after a series of stimulus measures the economy and end demand are still bumping along a bottom.

TWST: What does the turnover for the portfolio look like in a typical year? And what would prompt trimming a holding or exiting a holding altogether?

Mr. Plumb: As long-term investors with a three-year to five-year time horizon, we typically maintain portfolio turnover in the 20% to 30% range.

We know we are not perfect stock pickers, and always want to have fresh ideas competing for capital or fighting for a roster spot in the portfolio. If we own 35 to 45 names, buying four to eight new names a year keeps fresh ideas in the portfolio and helps prevent thesis creep on names we own but are no longer tracking towards our original investment thesis. That is probably the number one reason we sell a stock, when we no longer have conviction in our thesis.

Secondarily, it might be for risk control reasons. Perhaps we are overweight a sector or region and our view has changed.

Lastly, we will sell for valuation reasons, but we prefer to let our winners ride and continue to compound so long as the value creation drivers we are tracking for the company remain positive. Target prices can get stale and not always incorporate change that is occurring, so just selling because something has reached our original target price doesn't always make sense.

1-Year Daily Chart of Kansai Electric Power Co. Inc.



Chart provided by www.BigCharts.com

With that being said, we may look to trim a holding that has reached our target price if the idiosyncratic risk contribution from that holding is so large that it is putting alpha at risk greater than we are comfortable with.

TWST: How do you integrate macro factors into your decision making? There is no shortage of them. What is top of mind for you these days, and how do they influence or impact how you're positioning the portfolio?

Mr. Henness: Our focus is on businesses, but we do have to be macro aware. And so, gold's recent run has our attention as it relates to debts, deficits and inflation. And as Americans we're very aware of the political divide in the U.S., but the phenomenon also exists internationally, so we're monitoring elections and so forth.

Mostly there's nothing to do, but sometimes there are deeper changes occurring that may help or hurt our case for owning a stock. Generally, we're constantly monitoring factor risks within the portfolio to ensure we minimize the risks that we don't want to take and maximize the risks that we do want to take.

TWST: International equities have performed very well this year compared to U.S. equities. Could you get out your crystal ball, so to speak, and share any thoughts you might have on how long that could continue?

Mr. Henness: Indeed, it's been a better backdrop for international equities this year, but we don't know how long it's going to last. We like the odds of international equities outperforming U.S. equities given a sufficient time horizon.

You can look at a number of different valuation metrics, or simply see that coming into the year, the U.S. equities made up about 75% of the MSCI global benchmark, and nearly 73% more recently. These are substantially larger numbers than what the U.S. contributes in GDP. Said another way, **Nvidia** has a higher weighting in the MSCI Global Index than all of Japan, and **Apple** and **Microsoft** are larger than each of the U.K., Canada or France.

Another relevant factor for international equities is the strength or weakness of the U.S. dollar, and the U.S. dollar strength tends to coincide with U.S. equity outperformance and vice versa. The weak dollar this year has been a large factor in the overall strong performance of international equities.

TWST: What questions or concerns do you hear from clients most frequently these days? What's your response to them and what advice might you offer readers wondering or worrying about the same things?

Mr. Plumb: A year ago, everyone wanted to know if there'd ever be a catalyst for international stocks to close the valuation gap relative to the U.S. No one wanted to hear that international stocks were cheap as

a reason alone for allocating part of their portfolio to international. And that's totally understandable, given the duration and depth of the underperformance relative to the U.S., especially in U.S. dollar terms.

We are getting less pushback now for increasing allocations to international, given real changes occurring thanks to announced stimulus in Germany, increasing defense spending, European construction cycle starting to turn, marginally less regulatory pressures, and a weak dollar.

There are still concerns around what impact tariffs will have on Europe. And, of course, Europe's dependence on China isn't going away anytime soon. Given we manage a concentrated active portfolio, we can limit our exposure to companies with tariff headwinds in China and focus on owning high-quality companies with solid management teams focused on value creation.

Those who haven't thought about investing in equities outside the U.S. in a while might be surprised how many great companies reside outside the U.S. We like to say where a company is domiciled is an accident of history. Yes, a lot of the global innovation has certainly occurred in the U.S., but of course that is now concentrated in just a handful of companies. While Europe doesn't have any trillion-dollar market cap companies, we continue to find great companies focused on value creation to invest in.

Mr. Henness: And I'll add that, when the markets of the world are not making a heck of a lot of sense, a rigorous process helps to keep you grounded.

Mr. Plumb: We appreciate the interest in international equities. It feels like a long time coming, and hopefully this is a sustained period of outperformance to make our clients' money in areas outside of just the U.S.

TWST: Thank you. (MN)

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Performance data quoted represents past performance; past performance does not guarantee future results. The investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance of the funds may be lower or higher than the performance quoted. Performance data current to the most recent quarter end may be obtained by clicking [here](#) or by calling 855.280.6423.

Investors should consider the investment objectives, risks, charges and expenses carefully before investing. This and other important information can be found in the Fund's statutory and summary prospectuses. For more information on any RMB fund, please request a free prospectus from your financial advisor or click [here](#) to download a prospectus. Please read the prospectus carefully before investing.

Click here for standardized performance of the RMB International Fund.

Top ten holdings for the RMB International Fund can be found here. Fund holdings and sector allocations are subject to change at any time and should not be considered a recommendation to buy or sell any security.

Mutual fund investing involves risk. As with any mutual fund, there is no guarantee that the Fund will achieve its objective. The Fund's share price fluctuates, which means you could lose money by investing in the Fund. The Fund is not a complete investment program and should be considered only as part of an investment portfolio. The principal risks of investing in the Fund are detailed in the Summary Prospectus.

Foreign Investing Risk — Foreign securities may underperform U.S. securities and may be more volatile than U.S. securities. Risks relating to investments in foreign securities (including, but not limited to, depositary receipts and participation certificates) and to securities of issuers with significant exposure to foreign markets include currency exchange rate fluctuation; less available public information about the issuers of securities; less stringent regulatory standards; lack of uniform accounting, auditing and financial reporting standards; imposition of foreign withholding and other taxes; country risks, including less liquidity, high inflation rates and unfavorable economic practices; and political instability and expropriation and nationalization risks.

The RMB Funds are distributed by Foreside Fund Services, LLC.

ⁱ Estimated numbers as of November 7, 2025.

ⁱⁱ The MSCI EAFE Index measures international equity performance. It comprises the MSCI country indices that represent developed markets outside of North America: Europe, Australasia, and the Far East. The index does not reflect investment management fees, brokerage commissions, or other expenses associated with investing in equity securities. A direct investment in an index is not possible. Source: MSCI. MSCI makes no express or implied warranties or representations and shall have no liability whatsoever with respect to any MSCI data contained herein. The MSCI data may not be further redistributed or used as a basis for other indexes or any securities or financial products. This report is not approved, endorsed, reviewed or produced by MSCI. None of the MSCI data is intended to constitute investment advice or a recommendation to make (or refrain from making) any kind of investment decision and may not be relied on as such.

ⁱⁱⁱ Earnings before interest, taxes, depreciation, and amortization.

^{iv} Return on investment.