

# Part 2A of Form ADV

## RMB Capital Management, LLC

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This Part 2A of Form ADV (this "Brochure") provides information about the qualifications and business practices of RMB Capital Management, LLC ("**RMB**"). If you have any questions about the contents of this Brochure, please contact us at 1-800-601-5228 or [info@rmbcap.com](mailto:info@rmbcap.com). The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (the "**SEC**") or by any state securities authority.

RMB is a registered investment adviser. Registration of an Investment Adviser does not imply any level of skill or training. The oral and written communications of an Adviser provide you with information about which you determine to hire or retain an Adviser.

Additional information about RMB also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

### **MATERIAL CHANGES**

There are no material changes to report as of the date of this Brochure since the Adviser's last ADV Part 2A filed on October 1, 2015.

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## ADVISORY BUSINESS

RMB Capital Management, LLC (“RMB”) is a Delaware limited liability company formed on January 5, 2005. As of July 1, 2011, its principal owner is RMB Capital Holdings, LLC. RMB is also a qualified professional asset manager. RMB has branches or offices in Denver, Colorado, Jackson Hole, Wyoming, Newport Beach, California, Norwalk, Connecticut, Rochester, New York, Skaneateles, New York and Washington, D.C.

As an independent firm, RMB is not swayed by corporate ties or outside influences. Our well-defined investment philosophy generally prevents us from being influenced by short-term swings in market sentiment. Our firm is structured to help ensure our clients’ best interests are the driving force behind our financial planning recommendations and investment decisions. Using our holistic approach to managing wealth, RMB works closely with a network of industry specialists, as the “central adviser” or “quarterback” across fields, evaluating every aspect of our clients’ financial lives – from tax, retirement, and estate planning to charitable giving strategies to recommended asset allocations and investment solutions. Our wealth management clients are families, and in many cases entire extended families, not simply individuals. For many wealth management clients, RMB directs their entire portfolios.

From an organizational perspective, RMB has modeled our wealth management group to address several key industry concerns in ways that ultimately, we believe, benefit our clients. Advisers’ compensation is structured to shift the incentive away from finding new clients toward servicing existing clients. RMB has created vertical teams and reduced the number of clients served by each individual adviser, in order to help ensure high levels of personalized service and attention. Members of each team collaborate to manage internal workflow. The different teams function largely independent of one another, while guided by the same formalized framework of best practices, policies, and procedures.

Our asset management platform allows us to take advantage of investment options and opportunities not generally available to firms of our size, on attractive terms and at reasonable costs for our clients. By staying true to our disciplined long-term perspective and capitalizing on selective, opportunistic recommendations, generally we’ve been able to maintain a high level of success for our clients even when the financial markets have been working against us, or are in a state of turmoil.

Our retirement plan solutions platform allows RMB, through an affiliate, to provide employee retirement plan sponsors with suggestions regarding appropriate service providers and assist with controlling costs charged to employee retirement plans. Additionally, we strive to mitigate the fiduciary risks of plan sponsor fiduciary risks.

As of the date of December 31, 2015, RMB has \$3,659,095,533 in assets under management of which, \$3,187,582,573 is discretionary and \$471,512,960 is non-discretionary.

## OTHER BUSINESSES

### A. RMB Retirement Plan Solutions, a division of RMB West, LLC ("RMB West")

RMB West was formed on April 21, 2011 and is an affiliate of RMB. Currently, RMB West is solely engaged in providing retirement plan solutions to its clients. RMB West is based in Denver, Colorado. RMB West is also a registered investment adviser and is an affiliate of RMB. RMB Retirement Plan Solutions is a consulting and adviser division focused on assisting organizations, to improve the performance, design and operations of retirement plans. RMB Retirement Plan Solutions tailors its consulting and advice services to meet the needs of its clients. The investment adviser representatives of RMB Retirement Plan Solutions provide certain services to Retirement Plan Sponsors and their participants related to their retirement plans (ERISA defined contribution plans and defined benefit plans).

## FEES AND COMPENSATION

RMB offers differing fee levels for various categories of clients. The variance in fee schedules takes into account factors such as the degree of supervision required, the nature of the service provided and the types of guidelines and restrictions imposed upon the management of the accounts.

The basic fees noted below may be modified where a new account is expected to grow rapidly, where a relationship already exists with a current client or in other instances where special circumstances exist. RMB's comprehensive wealth advisory fee services may include, but are not limited to, asset allocation strategy and investment portfolio recommendations; access to RMB's investment platform of proprietary, third-party sub-advised and alternative investment products; performance reporting and reviews; retirement analysis, estate planning guidance, education funding analysis, insurance review and analysis, tax planning guidance, and employee benefits analysis. Clients pay a wealth advisory fee for wealth management services in addition to an asset management fee for actively managed proprietary investment products, including additional fees for products offered by our alternative investment management group.

RMB is customarily compensated on the basis of fees calculated as a percentage of assets under management. Such fees are charged quarterly, in advance, based upon the amount of assets under management at the beginning of each quarter. Billing adjustments may be made in each quarter to reflect substantive contributions and withdrawals made during the preceding quarter. In the event of termination during a quarterly period, the client is entitled to a *pro-rata* refund of that portion of the quarterly fee, paid in advance, for the remaining balance of the quarter. Client agreements are terminable upon notice as specified in such agreements.

Investors who are employees of RMB or related to employees of RMB generally do not pay fees or pay reduced fees to RMB.

Most clients have authorized their custodian or RMB to deduct and pay RMB's fees directly from the relevant client's account. RMB does not generally accept compensation for the sale of securities or other investment products from third parties.

The fees described in this section do not include fees paid to broker-dealers for executing transactions in client accounts. See "Brokerage Practices" below for a description of the factors that RMB considers in selecting or recommending broker-dealers for client transactions and determining the reasonableness of their brokerage fees.

### **Fee schedules**

#### **Wealth Advisory Fees:**

1.00%	First \$1.0 million
0.750	Next \$2.0 million
0.625	Next \$2.0 million
0.500	Next \$20.0 million
0.375	Over \$25.0 million

*(Wealth Advisory Fees may vary from the tiers shown above but will generally be between 0.25% and 1.00% of assets under management and tiers may not be applicable. Fees are applied to all discretionary assets and may be applied to nondiscretionary assets.)*

#### **Asset Management Fees**

##### **A. Core Proprietary Equity/Balanced Strategies:**

0.500%	First \$1.0 million
0.500	Next \$2.0 million
0.475	Next \$2.0 million
0.450	Next \$5.0 million
0.425	Next \$15.0 million
0.400	Over \$25.0 million

*(Asset Management Fees for the Core Proprietary Equity/Balanced Strategies may vary from the tiers shown above but will generally be between 0.400% and 0.500% of assets under management and tiers may not be applicable. Fees are applied to all actively managed proprietary equity and balanced strategies.)*

##### **B. Core Proprietary Fixed Income Strategies:**

0.350%	First \$1.0 million
0.350	Next \$2.0 million
0.325	Next \$2.0 million
0.300	Next \$5.0 million
0.275	Next \$15.0 million
0.250	Over \$25.0 million

*(Asset Management Fees for the Core Proprietary Fixed Income Strategies may vary from the tiers shown above but will generally be between 0.250% and 0.350% of assets under management and tiers may not be applicable. Fees are applied to all actively managed proprietary fixed income strategies.)*

**C. Other Strategies:**

1.250%	First \$250K
1.125%	Next \$750K
1.000%	Next \$2M
0.900%	Next \$2M
0.800%	Next \$5M
0.750%	Next \$15M
Negotiable	Over \$25M

*(Asset Management Fees may vary from the tiers shown above.)*

*\*RMB Asset Management fees do not include the asset management fees assessed by Sub-Advisers (or third-party) investment managers. All fees listed above do not include custodial fees or other transactional fees.*

**Mutual Fund Fees**

If client assets are invested in shares of mutual funds, these mutual fund shares may bear mutual fund 12b-1 fees, mutual fund management fees, early termination fees (which include fees on whole or partial liquidations of an account(s)) and other fees and expenses that may be assessed by the fund sponsor, custodian, transfer agent, adviser, shareholder service or other service providers. Such fees are not included in the fees paid to RMB. Further information regarding charges and fees assessed may be found in the appropriate mutual fund prospectus, annual report and/or custodial agreement.

**Private Fund Fees**

Generally, the fees payable to private funds managed by RMB are in addition to the wealth advisory fees and asset management fees payable to RMB. These additional private fund fees are fully disclosed to clients, via each private fund's confidential private placement memorandum, prior to implementing any recommendations made by RMB. The standard fee schedule for private funds managed by RMB is described below and in the confidential private placement memorandum for each private fund. In certain circumstances, alternative fees for an investment in a private fund managed by RMB may be negotiated between RMB and the relevant investor.

An investor in the 1837 Funds (as defined below on Page 10) ordinarily will pay a quarterly management fee, in advance. There are three Management Fee structures: (1) the Management Fee for eligible employees of RMB and their immediate family members is generally 0.85% annually; (2) the Management Fee for advisory clients of RMB and certain other investors is

generally 1.0% annually and (3) the Management Fee for all other investors is generally 1.5% annually.

Additionally, the 1837 Funds ordinarily will allocate a percentage of any Net New Profit of the value of each investor's account in each 1837 fund at the end of each calendar year and as of any date on which an investor receives a withdrawal or distribution an annual incentive fee/allocation equal to 20% of the Net New Profit in the Net Asset Value. Additional information about each 1837 Fund is contacted in each funds' respective Confidential Private Placement Memorandum.

An investor in the Twin Lake Funds (as defined below on Page 10) ordinarily will pay a quarterly management fee, in advance. There are two Management Fee structures: 1) the Management Fee for eligible employees of RMB and their immediate family members is generally 0.85% annually; (2) the Management Fee for all other investors is generally 1.0% annually.

Additionally, each Twin Lake Fund ordinarily will allocate a percentage of any Net New Profit of the value of each investor's account in each Twin Lake Fund at the end of each calendar year and as of any date on which an investor receives a withdrawal or distribution an annual incentive fee/allocation equal to 20% of the Net New Profit in the Net Asset Value. Additional information about each Twin Lake Fund is contacted in each funds' respective Confidential Private Placement Memorandum.

For RMB FI (as defined below on Page 10), each Series will ordinarily debit from each account and pay to the Manager a quarterly management fee, in advance, in an amount equal to a percentage of such account's Net Asset Value as of the beginning of each calendar quarter. The maximum Management Fee for Class A Interests is 0.125% (approximately 0.50% per year) and the maximum Management Fee for Class B Interests is 0.1875% (approximately 0.75% per year). There is no incentive allocation charged by RMB FI. However, a Member will be responsible for the management fees and incentive allocations of any sub-adviser or underlying fund.

For RMB PE-Series 1 (as defined below on Page 11), each Series will ordinarily pay a quarterly management fee, in advance, as of the beginning of each calendar quarter. The maximum quarterly Management Fee for each Series will be equal to 0.1875% per quarter (0.75% annually) of aggregate capital commitments to such Series during the investment period for such Series. The quarterly Management Fee for each Series after the Investment Period shall be equal to 0.125% per quarter (0.50% annually) of aggregate capital commitments for such Series less any amounts distributed to the Members of such Series. There is no incentive allocation charged by the Company. However, a Member will be responsible for the management fees and incentive allocations of any sub-adviser or underlying fund.

For RMB PE-Series 2 (as defined below on Page 11), each Series will ordinarily pay a quarterly management fee, in advance, as of the beginning of each calendar quarter. The maximum quarterly Management Fee for each Series will be equal to 0.1875% per quarter (0.75% annually) of aggregate capital commitments to such Series during the investment period for such Series. The quarterly Management Fee for each Series after the Investment Period shall be equal to 0.125% per quarter (0.50% annually) of aggregate capital commitments for such Series less any



amounts distributed to the Members of such Series. There is no incentive allocation charged by the Company. However, a Member will be responsible for the management fees and incentive allocations of any sub-adviser or underlying fund.

For RMB RE-Series 1, (as defined below on Page 11), each Series will ordinarily pay a quarterly management fee, in advance, as of the beginning of each calendar quarter. The maximum quarterly Management Fee for each Series will be equal to 0.1875% per quarter (0.75% annually) of aggregate capital commitments to such Series during the investment period for such Series. The quarterly Management Fee for each Series after the Investment Period shall be equal to 0.125% per quarter (0.50% annually) of aggregate capital commitments for such Series less any amounts distributed to the Members of such Series. There is no incentive allocation charged by the Company. However, a Member will be responsible for the management fees and incentive allocations of any sub-adviser or underlying fund.

For RMB RE-Series 2, (as defined below on Page 11), each Series will ordinarily pay a quarterly management fee, in advance, as of the beginning of each calendar quarter. The maximum quarterly Management Fee for each Series will be equal to 0.1875% per quarter (0.75% annually) of aggregate capital commitments to such Series during the investment period for such Series. The quarterly Management Fee for each Series after the Investment Period shall be equal to 0.125% per quarter (0.50% annually) of aggregate capital commitments for such Series less any amounts distributed to the Members of such Series. There is no incentive allocation charged by the Company. However, a Member will be responsible for the management fees and incentive allocations of any sub-adviser or underlying fund.

For RMB Japan, (as defined below on Page 12), each investor will ordinarily pay a quarterly management fee, in advance, as of the beginning of each calendar quarter. The maximum quarterly Management Fee for each investor will be equal to 1.5% annually. There is no incentive allocation charged by the RMB Japan unless otherwise agreed to with an investor.

An investor in the Mendon Funds (as defined below on Page 12) ordinarily will pay a quarterly management fee, in advance. There are two Management Fee structures for new investors: (1) the Management Fee for eligible employees of RMB and their immediate family members is generally 0.85% annually; and (2) the Management Fee for advisory clients of RMB and certain other investors is generally 1.0% annually.

Additionally, the Mendon Funds ordinarily will allocate a percentage of any Net New Profit of the value of each investor's account in each Mendon fund at the end of each calendar year and as of any date on which an investor receives a withdrawal or distribution an annual incentive fee/allocation equal to 20% of the Net New Profit in the Net Asset Value. For Mendon Capital QP LP and Mendon Capital QP Ltd., a partner or shareholder of the founder's class will pay an allocation equal to 17% of the Net New Profit in the Net Asset Value.

An investor in IRMS (as defined below on page 12), ordinarily will pay a quarterly management fee, in advance. There are three management fee structures for investors: (1) the Management Fee for eligible employees of RMB and their immediate family members is generally 1.275% annually; (2) the Management Fee for advisory clients of RMB is generally 1.5% annually and (3) the Management Fee for all other Limited Partners is generally 2.00% annually.

Additionally, IRMS ordinarily will allocate a percentage of any Net New Profit of the value of each investor's account in each IRMS fund at the end of each calendar year and as of any date on which an investor receives a withdrawal or distribution an annual incentive fee/allocation equal to 20% of the Net New Profit in the Net Asset Value.

An investor in IRDF (as defined below on page 12), ordinarily will pay a quarterly management fee, in advance. There are three management fee structures for investors: (1) the Management Fee for eligible employees of RMB and their immediate family members is generally 1.275% annually; (2) the Management Fee for advisory clients of RMB is generally 1.5% annually and (3) the Management Fee for all other Limited Partners is generally 2.00% annually.

Additionally, IRDF ordinarily will allocate a percentage of any Net New Profit of the value of each investor's account in each IRMA fund at the end of each calendar year and as of any date on which an investor receives a withdrawal or distribution an annual incentive fee/allocation equal to 20% of the Net New Profit in the Net Asset Value.

An investor in Logan Stone (as defined below on page 13), ordinarily will pay a monthly management fee, in advance, of approximately 2.0% annually.

Additionally, Logan Stone ordinarily will allocate a percentage of any Net New Profit of the value of each investor's account in each Logan Stone fund at the end of each calendar year and as of any date on which an investor receives a withdrawal or distribution an annual incentive fee/allocation equal to 20% of the Net New Profit in the Net Asset Value.

Each private fund generally bears all of the costs and expenses associated with its organization, offering and its ongoing operations as further described in its offering document. Additional information about each private fund is contained in each funds' respective Confidential Private Placement Memorandum.

For all funds managed by RMB, fees referenced above may be waived or modified at the sole discretion of RMB or the directors for an offshore private fund.

**RMB Retirement Plan Solutions, a division of RMB West, an affiliate of the Adviser**

The specific manner in which fees are charged by RMB Retirement Plan Solutions is established in a written agreement with the client and are negotiable and customized for each client. RMB Retirement Plan Solutions is compensated for its services on a fixed fee basis or on a percentage of assets of the employee benefit plan. Fees are payable in advance at the beginning of each quarter. RMB Retirement Plan Solutions does not charge any performance-based fees. Fees are dependent on the scope and depth of the services provided. The fee may be prorated to cover the period from either: (1) the time of execution of the advisory agreement, or (2) the effective date of the advisory agreement through the expected completion of the project or the time period covered by the advisory agreement. Clients may pay fees directly to RMB Retirement Plan Solutions or instruct their retirement plan service providers to deduct the fees from the retirement plan assets or from excess revenue generated by the retirement plan's investments.

## **Reportable Assets Not Managed by the Adviser**

In certain circumstances and at the request of a client, the Adviser may include assets not managed by the Adviser ("unsupervised securities") in its reports to requesting clients. If so, the client *may* be charged an additional negotiable fee to report on assets not managed by the Adviser.

## **PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT**

In some cases, RMB has entered into performance-based fee arrangements with qualified clients. The incentive allocations and incentive fees charged by private funds managed by RMB described above are performance-based fees.

RMB will structure any performance or incentive fee arrangement subject to Section 205(a)(1) of the Investment Advisers Act of 1940 (the "**Advisers Act**"). In measuring clients' assets for the calculation of performance-based fees, RMB will include realized and unrealized capital gains and losses. Performance-based fee arrangements may create an incentive for RMB to recommend investments which may be riskier or more speculative than those which would be recommended under a different fee arrangement.

Such fee arrangements also create an incentive to favor higher fee paying accounts over other accounts in the allocation of investment opportunities. RMB has procedures designed and implemented to help ensure that all clients are treated fairly, and to help prevent this conflict from influencing the allocation of investment opportunities among clients.

## **TYPES OF CLIENTS**

RMB provides its services to individuals, high-net-worth individuals, corporate pension and profit-sharing plans, pooled investment vehicles, charitable organizations, foundations, endowments, and other institutions.

A minimum initial investment of \$1,000,000 is generally required to establish an investment account with RMB. RMB may waive this minimum investment amount in its discretion.

Additionally, private funds managed by RMB are subject to an initial minimum investment amount of USD\$250,000. The governing body of each private fund may raise or lower the minimum investment amount for each private fund investment and/or accept an initial capital contribution below the established minimum in its discretion or in accordance with applicable law.

Please see the relevant Confidential Private Placement Memorandum for more information on the eligible investors and minimum investment amount for each fund.

## METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

RMB uses the following methods of analysis and investment strategies when formulating investment advice for our clients:

**A. METHOD OF ANALYSIS:** We primarily use fundamental analyses and active management strategies; however, we will consider other strategies such as quantitative and technical analyses and passive or indexed strategies.

**B. INVESTMENT STRATEGIES:** The philosophy behind our RMB's investment process is based on several core ideas - taking a long-term view, conducting fundamental analysis, being opportunistic yet disciplined, and avoiding unnecessary risk. Our long-term approach involves a focus on full market cycles, measuring returns in years rather than quarters. We are generally not short-term traders or market timers. RMB performs thorough fundamental analysis, focusing heavily on asset values and cash flows. RMB carries out independent and objective research on every investment, whether it is a third party investment product or an individual company for our proprietary equity programs. RMB's opportunistic stance makes us willing to take on contrarian views and frees us of constraints - we are not style-box driven. RMB combines discipline with this opportunism to avoid unnecessary risk. RMB also performs rigorous due diligence on all investments and is resolute in applying our risk management rules and guidelines. Most importantly, RMB will not invest our clients' capital in something we do not thoroughly and deeply understand. RMB believes our overall philosophy conservatively balances safety with risk, and leads to prudently diversified portfolios.

RMB's investment process is mostly active. We strongly believe in the benefits of active management in most asset classes and investment types. This is because we view financial markets as being generally efficient in the long-run but often highly inefficient in the short-run, providing opportunities for good active managers to capitalize on mis-pricings and generate above-average returns. That being said, there are often times when the most efficient investment exposure in a particular asset class may be through passive rather than active exposures. RMB finds this to be true most often in asset classes where the best management of credit and liquidity risks is through very well-diversified portfolios, or when the size of the investment RMB is contemplating is such that the potential gains from active management are minimized.

In general, RMB focuses on high quality securities - particularly for the core portions of our clients' investment portfolios. We take into account a variety of fundamental factors in the security selection process. The importance of a given factor depends on the portfolio or program in question, the goals of that portfolio, and what role the security will play within the portfolio when combined with other securities.

RMB believes that the foundations of our investment philosophy are time-tested. Academic evidence suggests focusing on high-quality investments and investing for the long term will likely be successful in the future. Our asset management platform allows us to access the best available opportunities, including specialized investment opportunities that might not be available under traditional consulting models. Our hybrid model, consisting of both proprietary and non-proprietary investment strategies, provides us with the freedom to construct portfolios

that are diverse in terms of asset class and management style and also ensures we have access to all types of products. The diversification of our portfolios protects against volatility, and the balance we maintain between opportunism and conservatism further protects clients from unnecessary risk. RMB therefore provides our clients with the best ideas while prudently managing their portfolios to achieve their long-term financial goals. We stick to the plan once we have formed it – we do not abandon our philosophy nor do we veer away from the goals that we have set with our clients.

RMB distinguishes our equity and fixed income investments based on two high-level categories: core and opportunistic. Core equity investments are high-quality, long-term-oriented liquid investments. They generally represent a bottom-up fundamental style and are considered consistent long-term investments. Traditional long-only investment strategies in the U.S., developed international, and emerging markets would fall into this categorization. Opportunistic equity investments tend to be lower quality, short-term, less liquid, and difficult to value. These investments tend to be more aggressive and may be overly concentrated in specific investment themes. Alternative equity investments would fall into the opportunistic equity categorization.

Core fixed income investments include short-to-intermediate duration high-quality, investment-grade taxable and non-taxable bonds, U.S. Treasury bonds, and TIPS. Opportunistic fixed income investments include, but are not limited to, non-agency mortgage backed securities, below-investment-grade bonds, floating rate bonds, and local currency emerging market government debt.

RMB manages core and opportunistic domestic and international equity classes internally, which cover both large and small market capitalizations. Our domestic equity allocation also includes in-house long/short private funds. We also internally manage core domestic fixed income. We use external managers for the core and opportunistic developed international and emerging market sectors, as well as for opportunistic fixed income classes. These classes include, but are not limited to, non-agency mortgage-backed securities, below-investment-grade bonds, floating-rate bonds, and local currency emerging market government debt.

## **Private Funds Managed by RMB**

### **1. 1837 Funds**

RMB manages several private funds: 1837 Partners L.P., 1837 Partners QP L.P. and 1837 Partners Ltd (collectively, the “**1837 Funds**”). The primary investment objective of the 1837 Funds is to seek absolute, long-term returns on its capital that are usually superior to the historical return of the equity market. The 1837 Funds seek to achieve the above investment objective by utilizing a tax-efficient, long-term long/short investment strategy that emphasizes capital preservation.

### **2. Twin Lake Funds**

RMB manages several other private funds: Twin Lake Total Return Partners QP Ltd., Twin Lake Total Return Partners QP L.P. and Twin Lake Total Return Partners L.P. (collectively, the

**“Twin Lake Funds”**). The investment objective of the Twin Lake Funds is to achieve an annualized long-term return (income plus capital appreciation) that is in excess of the long-term historical annualized return of the S&P 500 Index with less volatility. The Twin Lake Funds seek to achieve their investment objective by identifying and acquiring positions in the debt and equity securities of publicly-traded companies that are selling below their intrinsic value.

### **3. RMB Fixed Income Opportunities QP LLC-Series 1**

RMB Fixed Income Opportunities QP LLC (**“RMB FI”**) is a recently-organized Delaware series limited liability company. RMB FI is comprised of various segregated series (each a **“Series”**) of limited liability company interests (**“Interests”**). RMB also serves as the manager of each Series (unless otherwise disclosed).

The primary investment objective of each Series is to achieve strong, risk-adjusted returns while minimizing correlation to traditional fixed income and equity markets by focusing on attractive niches outside of the core fixed income asset class. The niches favored by the Series include but are not limited to non-investment grade debt, international and emerging market fixed income securities, hybrid securities, asset-backed and securitized structures.

RMB may cause the Series to make direct investments and may also allocate the Series’ assets to other portfolio management firms (including affiliates) that pursue various **“non-traditional”** fixed income investment strategies (**“Sub-Managers”**). Each Series will generally pursue its investment objectives by making, directly or indirectly through the Sub-Managers, longer-term fixed income investments (generally two years or more); the Series may also opportunistically allocate assets to different investment strategies as appropriate regardless of time frame. RMB may commit a Series’ assets to Sub-Managers by investing such assets in pooled investment vehicles managed by them (**“Sub-Funds”**). RMB, however, may also commit the Series’ assets to managed accounts (**“Managed Accounts”**), exchange traded funds (**“ETFs”**), open or closed-end mutual funds or other vehicles managed by the Sub-Managers.

### **4. RMB Private Equity Opportunities QP LLC -Series 1 (Closed to New Investors)**

RMB Private Equity Opportunities QP LLC (**“RMB PE”**) - Series 1 (**“RMB PE-Series 1”**) is a recently-organized Delaware series limited liability company. RMB PE is comprised of various segregated series (each a **“Series”**) of limited liability company interests (**“Interests”**). RMB also serves as the manager of each Series (unless otherwise disclosed).

The primary investment objective of Series 1 is to achieve strong, risk-adjusted returns in private equity and debt investments by focusing on attractive niches over time. The niches favored by Series 1 includes, but is not limited to, growth equity capital investments, leveraged buyouts, middle-market companies, sector-specific investments, energy infrastructure, secondary limited partner interests, venture capital, private lending, and highly distressed debt.

RMB may cause Series 1 to make direct investments and may also allocate the assets of Series 1 to other portfolio management firms (including affiliates) that pursue various private equity and debt investment strategies (**“Sub-Managers”**). RMB may commit Series 1 assets to Sub-Managers by investing such assets in pooled investment vehicles managed by them (**“Sub-**

**Funds**") and in a select number of co-investments with Sub-Managers ("**Co-Investments**"). Each Sub-Fund or Co-Investment will in turn invest its assets in one or more underlying companies ("**Portfolio Companies**"). RMB may also cause Series 1 to directly invest in Portfolio Companies.

## 5. RMB Private Equity Opportunities QP LLC-Series 2

RMB Private Equity Opportunities QP LLC ("**RMB PE**")- Series 2 ("**RMB PE-Series 2**") is a recently-organized Delaware series limited liability company. RMB PE is comprised of various segregated series (each a "**Series**") of limited liability company interests ("**Interests**"). RMB also serves as the manager of each Series (unless otherwise disclosed).

The primary investment objective of Series 2 is to achieve strong, risk-adjusted returns in private equity and debt investments by focusing on attractive niches over time. The niches favored by Series 2 includes but is not limited to growth equity capital investments, leveraged buyouts, middle-market companies, sector-specific investments, energy infrastructure, secondary limited partner interests, venture capital, private lending, and highly distressed debt.

RMB may cause Series 2 to make direct investments and may also allocate Series 2's assets to other portfolio management firms (including affiliates) that pursue various private equity and debt investment strategies ("**Sub-Managers**"). RMB may commit Series 2 assets to Sub-Managers by investing such assets in pooled investment vehicles managed by them ("**Sub-Funds**") and in a select number of co-investments with Sub-Managers ("**Co-Investments**"). Each Sub-Fund or Co-Investment will in turn invest its assets in one or more underlying companies ("**Portfolio Companies**"). RMB may also cause Series 2 to directly invest in Portfolio Companies.

## 6. RMB Real Estate Opportunities QP LLC - Series 1 (Closed to New Investors)

RMB Real Estate Opportunities QP LLC ("**RMB PE**") is a recently-organized Delaware series limited liability company. RMB RE is comprised of various segregated series (each a "**Series**") of limited liability company interests ("**Interests**"). RMB also serves as the manager of each Series (unless otherwise disclosed).

The primary investment objective of each Series is to achieve strong, risk-adjusted returns in real estate assets by focusing on attractive niches over time. The niches favored by the Series include but are not limited to residential real estate, apartments, student housing, office space, industrial/commercial real estate, development projects, and distressed real estate assets.

RMB may cause a Series to make direct investments and may also allocate a Series' assets to other portfolio management firms (including affiliates) that pursue various real estate investment strategies ("**Sub-Managers**"). RMB may commit a Series' assets to Sub-Managers by investing such assets in pooled investment vehicles managed by them ("**Sub-Funds**") and in a select number of co-investments with Sub-Managers ("**Co-Investments**"). Each Sub-Fund or Co-Investment will in turn invest its assets in one or more real estate investments ("**Real Estate Investments**"). RMB may also cause a Series to directly invest in Real Estate Investments.

## 7. **RMB Real Estate Opportunities QP LLC - Series 2**

RMB Real Estate Opportunities QP LLC ("**RMB PE**") is a recently-organized Delaware series limited liability company. RMB RE is comprised of various segregated series (each a "**Series**") of limited liability company interests ("**Interests**"). RMB also serves as the manager of each Series (unless otherwise disclosed).

The primary investment objective of each Series is to achieve strong, risk-adjusted returns in real estate assets by focusing on attractive niches over time. The niches favored by the Series include but are not limited to residential real estate, apartments, student housing, office space, industrial/commercial real estate, development projects, and distressed real estate assets.

RMB may cause a Series to make direct investments and may also allocate a Series' assets to other portfolio management firms (including affiliates) that pursue various real estate investment strategies ("**Sub-Managers**"). RMB may commit a Series' assets to Sub-Managers by investing such assets in pooled investment vehicles managed by them ("**Sub-Funds**") and in a select number of co-investments with Sub-Managers ("**Co-Investments**"). Each Sub-Fund or Co-Investment will in turn invest its assets in one or more real estate investments ("**Real Estate Investments**"). RMB may also cause a Series to directly invest in Real Estate Investments.

## 8. **RMB Japan Opportunities Fund LP**

RMB Japan Opportunities Fund, LP ("**RMB Japan**"), is a Delaware limited partnership and was previously known as CCM Asian Small Cap Value Fund, LP. RMB became the general partner of RMB Japan on August 30, 2013.

The investment objective of RMB Japan is to seek capital appreciation over the long-term. RMB seeks to achieve the investment objective of RMB Japan by investing in long positions with a particular focus on Japanese equities. RMB Japan employs a bottom-up, fundamental analysis approach to seek to identify undervalued companies in the small cap universe. Through a qualitative research process, RMB refines this universe to identify a select group of undervalued issuers. Identifying specific, time-bound catalysts for securities price movement is the key element driving the RMB's research process.

## 9. **Mendon Funds**

Mendon Capital LLC, Mendon Capital Ltd., Mendon Capital Master Fund Ltd., Mendon Capital QP LP and Mendon Capital QP Ltd. (Mendon Capital QP LP and Mendon Capital QP Ltd. ("**Mendon Capital QP**") and all funds collectively, the "**Mendon Funds**") are managed by RMB and their primary objective is to achieve capital and trading gains. The Mendon Funds portfolio will be a long/short U.S. equity portfolio primarily focused on the financial services sector. RMB believes that abnormal absolute returns can be earned in the financial services sector due to ongoing industry consolidation, which in the RMB's view is expected to continue for many years. In addition, RMB believes that the breadth of the sector provides investment opportunities in almost all types of interest rate, credit quality and other macroeconomic environments. RMB generally will focus more on smaller cap companies in which it is possible to gain an information advantage through research, experience, and a broad network of



contacts. RMB's general philosophy is to identify companies that meet either long bullish or short bearish criteria. RMB believes this strategy provides the Mendon Funds with adequate flexibility to take advantage of opportunities identified during both rising and declining markets. The Mendon Funds may purchase or sell put options or call options to protect the underlying investments, to generate income, or for speculative purposes.

RMB begins with a macro view, based on factors such as interest rates and credit quality, to select promising sub-sectors. Investments within those sub-sectors are then selected using tools such as industry screens, sell-side company research reports and company models. RMB also relies on a broad information network to gather data and find promising investments. This network includes buy-side and sell-side analysts, other financial services portfolio managers (both mutual funds and hedge funds), company management teams and industry contacts.

#### **10. Iron Road Multi-Strategy Fund**

Iron Road Multi-Strategy Fund LP and Iron Road Multi-Strategy Fund Ltd. (collectively, "IRMS") and is managed by RMB. RMB seeks to achieve the investment objective of IRMS by investing its assets in accordance with various investment strategies operated by RMB. RMB will allocate IRMS' capital to separate investment strategies operated by employees of RMB. Each strategy is managed by a team of employees with a demonstrated expertise in that specific strategy.

RMB will opportunistically deploy capital among these teams to seek to maximize the risk-adjusted return of IRMS. The goal is to allow the underlying investment processes of each investment team to create a variety of return streams that, in aggregate, are not highly correlated to the equity markets in the United States. RMB will determine IRMS' allocation among the various investment strategies through a flexible mandate that is expected to continually evolve over time.

Generally, each investment strategy is designed to exploit market inefficiencies. The investment strategies may be directional or non-directional in design. The investment strategies may involve both long and short trades, as well as structured positions to isolate different expected returns and risks. Some of these trades will be short-term, from intra-day to several weeks, while others will be long-term in duration and could be held for several years.

#### **11. Iron Road Diversified Fund ("IRDF")**

Iron Road Diversified Fund LP and Iron Road Diversified Fund Ltd. (collectively, "IRDF") is managed by RMB. IRDF seeks attractive risk-adjusted returns that display little to no correlation to the traditional equity and fixed income markets. Limited exposure to broad equity market risk will be of particular emphasis. RMB will allocate IRDF's capital to separate investment strategies operated by employees of RMB. Each strategy is managed by a team of employees with a demonstrated expertise that specific strategy. Currently, those strategies consist of i) generalist long/short equity with a focus on small and micro-cap stocks; ii) long/short equity with a focus on securities in the financial sector; iii) long/short stressed credit; and iv) market neutral closed-end fund, preferred stock and dual equity share class trading. IRDF will generally maintain a diversified approach to investing across the various

strategies, and may invest its assets in additional strategies in the future as the teams and their capabilities evolve.

RMB may employ hedges or other investments above and beyond the strategies (collectively referred to as “overlays”), if it determines those overlays will better position the IRDF over shorter periods. However, the goal is to allow the underlying strategies to create a variety of return streams that, in aggregate and over longer periods of time, meet the investment objectives of the IRDF.

Generally, each strategy is designed to pursue market inefficiencies that can be exploited due to the deep industry and market expertise of the investment teams. The strategies may be directional or non-directional in design. Certain trades will be short-term, from intra-day to several weeks, while others will be long-term in duration and could be held for several years. IRDF may utilize leverage to magnify potential gains. IRDF will generally not be constrained to benchmark-type returns or beta exposures. It will seek returns that are less volatile than those historically generated by the equity markets. The Adviser expects that the Partnership’s investment program will also generally provide greater downside protection in times of financial or economic stress.

## **12. Logan Stone Capital Funds**

The investment objective of Logan Stone Capital LP, Logan Stone Capital QP LP, Logan Stone Capital QP Ltd. and Logan Stone Capital QP Offshore Ltd. (collectively, “Logan Stone”) is to achieve an absolute return primarily by taking both long and short positions in individual equity securities and exchange traded funds.

Logan Stone may take both long and short positions in individual equity securities; options, futures, contracts for differences (“CFDs”) and other derivatives; American Depositary Receipts (“ADRs”); currencies; closed-end funds; fixed income investments; exchange traded funds (“ETFs”) and their foreign equivalents. Logan Stone can also hold large cash or fixed income positions as conditions warrant. Because of Logan Stone’s goal of achieving an absolute return, it will not be constrained in its trading and investing by a security’s sector, capitalization, or style. It will be dedicated to finding opportunistic trading and investing opportunities based on the RMB Capital’s view of a particular company, market or security.

Changing market conditions and opportunities which arise may result in a higher rate of turnover. Logan Stone is not required to maintain a balance between long or short positions in the portfolio, and it can be completely long, short, or in cash at the discretion of RMB Capital. Logan Stone may borrow money, trade on margin or otherwise utilize leverage.

Please see the Confidential Private Placement Memorandum of each above-referenced funds for more information regarding the fees, strategies and risks related to an investment in each fund.

## **13. Other Available Investment Styles**

RMB, in connection with its advisory services, may also recommend other investment portfolios to clients. The assets allocated to these other styles generally will be managed by other

registered investment advisory firms. RMB oversees the asset allocation for clients invested in these portfolios. RMB also reviews the advisers' performance and adherence to stated objectives. Generally, the fees payable to these independent investment advisers will be in addition to the advisory fees payable to RMB and will be fully disclosed to clients prior to implementing any recommendations from RMB.

RMB may recommend that certain clients use donor-advised funds for estate planning purposes. Under certain circumstances RMB recommends the use of donor-advised funds that are clients of RMB, and from which RMB receives a management fee.

RMB may recommend that client funds be invested in managed futures funds, private equity funds, hedge funds, or other similar investments and partnerships managed by other investment advisory firms or managed by RMB. RMB may recommend its hedge funds to its clients but certain clients must make the final decision regarding investment in a RMB affiliated private fund. RMB oversees these investments and tracks them as part of the overall portfolio diversification and performance for the client.

RMB may also recommend that client funds be invested in a separately managed account managed by a sub-adviser.

Generally, the fees payable to any independent private fund or a sub-adviser will be in addition to the wealth advisory fees and asset management fees payable to RMB and will be fully disclosed to clients prior to implementing any recommendations from RMB.

**C. RISK OF LOSS:** The material risks related to these methods of analysis and investment strategies for most strategies implemented by the Adviser are as follows:

***General Investment Risk and Changing Market Conditions.***

All investments in securities and other financial instruments involve substantial risk of volatility (potentially resulting in rapid declines in market prices and significant losses) arising from any number of factors that are beyond the control of the Adviser, such as: changing market sentiment; changes in industrial conditions, competition and technology; changes in inflation, exchange or interest rates; changing domestic or international economic or political conditions or events; changes in tax laws and governmental regulation; and changes in trade, fiscal, monetary or exchange control programs or policies of governments or their agencies (including their central banks). Changes such as these, as well as innumerable other factors, are often unpredictable and unforeseeable, rendering it difficult or impossible to predict or foresee future market movements. Unexpected volatility or illiquidity in the markets in which an account holds positions could impair its ability to achieve its objectives and cause it to incur losses.

The global financial markets over the past few years have experienced a period of unprecedented disruption and stress. It is uncertain how long these conditions will continue. Markets previously thought to be uncorrelated have been shown to be correlated, credit markets have in some cases ceased functioning, many markets have experienced record levels of volatility and governments have intervened in extraordinary and unpredictable ways, at

times on an emergency basis, to the detriment of certain market participants. It is impossible to predict what ongoing impact these events will have on the Adviser.

Legal, tax and regulatory changes could occur which may materially adversely affect the ability of an account to pursue its investment strategies or achieve its investment objective.

Although the Adviser believes that its investment program should mitigate the risk of loss through a careful selection and monitoring of investments, an investment is nevertheless subject to loss, including possible loss of the entire amount invested. No guarantee or representation is made that an investment will be successful, and the investment results may vary substantially over time.

### ***Investment Selection***

The success of client positions depends in large part on RMB's ability to accurately assess the fundamental value of those positions. An accurate assessment of fundamental value depends on a complex analysis of a number of financial and legal factors. No assurance can be given that RMB will be in a position to assess the nature and magnitude of all material factors having a bearing on the value of client positions, or that RMB will accurately assess the impact of all factors of which it is aware.

### ***Equity Risks***

RMB expects to invest client assets in equity and equity derivative securities. The value of these securities generally will vary with the performance of the issuer and movements in the equity markets. As a result, clients may suffer losses if RMB selects equity securities of issuers whose performance diverges from RMB's expectations or if the equity markets generally move in a single direction and RMB has not anticipated such a general move.

### ***Long Positions***

The success of the long positions established by the Adviser will depend in large part on the Adviser's ability to accurately assess the fundamental value of those positions. An accurate assessment of fundamental value depends on a complex analysis of a number of financial and legal factors. No assurance can be given that the Adviser will be in a position to assess the nature and magnitude of all material factors having a bearing on the value of the long positions, or that the Adviser will accurately assess the impact of all factors of which it is aware.

### ***Short Selling***

The Adviser may sell securities short in certain situations. Selling short involves the sale of borrowed securities. In order to sell a security short, an account must borrow the security from a securities lender and deliver it to the buyer. The account is then obligated to return the security to the lender at its request (although an account remains free to return the security to the lender at any time prior to the lender's request). An account ordinarily fulfills its obligation to return a security previously sold short by acquiring it in the open market.

A short sale ordinarily involves a judgment on the Adviser's part that, subsequent to the sale, the price of the security will fall over time, resulting in profits equal to the difference between the net proceeds of the sale and the cost of acquiring the security (or a security exchangeable for

or convertible into such security) at a later date to fulfill the obligation to return the security to the lender.

The principal risk in selling a particular security short is that, contrary to the Adviser's expectation, the price of the security will rise, resulting in a loss equal to the difference between the cost of acquiring the security (for return to the lender) and the net proceeds of the short sale. This risk of loss is theoretically unlimited, since there is theoretically no limit on the price to which the security sold short may rise. In addition, an account would be responsible for the payment of any accrued interest on a bond it has sold short while the short sale is outstanding. Another risk is that an account may be forced to unwind a short sale at a disadvantageous time for any number of reasons. For example, a lender may call back a security at a time the market for such security is illiquid or additional security is not available to borrow. In addition, some traders may attempt to profit by making large purchases of a security that has been sold short. These traders hope that, by driving up the price of the security through their purchases, they will induce short sellers to seek to minimize their losses by buying the security in the open market for return to their lenders, thereby driving the price of the security even higher.

In certain situations, the Adviser may find it difficult if not impossible to establish a desired short position because of a limited supply of the security available for borrowing. In these cases, the Adviser may be compelled to forego a potentially profitable investment opportunity.

#### ***Trading in Non-U.S. Companies and Markets***

Trading in the securities of a non-U.S. company may involve certain considerations not usually associated with trading in securities of U.S. companies, such as risks of expropriation and nationalization of the company's assets; confiscatory taxation of the company's income or the imposition of confiscatory withholding or other taxes on dividends, interest, capital gains or other income in respect of the company's securities; difficulties encountered by the company in enforcing its contracts; restrictions on repatriation of the company's funds or other assets; general social, political and economic uncertainty and instability; adverse diplomatic developments; the small size of some markets in foreign countries and the low volume of trading, resulting in potential lack of liquidity and in price volatility; fluctuations in the rate of exchange between currencies and costs associated with currency conversion; and governmental policies that may restrict or damage economic growth and investment opportunities. In addition, disclosure, accounting and reporting standards that prevail in foreign countries may not be equivalent to United States standards and, consequently, less information may be available to investors in companies located in foreign countries than is available to investors in companies located in the United States.

Transactions executed in financial markets outside the United States generally are not subject to regulation or supervision by U.S. regulatory authorities, and, in many cases, financial markets outside the U.S. are subject to less regulation than U.S. financial markets. For example, some foreign exchanges, in contrast to domestic exchanges, are "principals' markets" in which performance is the responsibility only of the individual member with whom the trader has entered into a contract and not of an exchange or clearing corporation. In such a case, an investor is subject to the risk of the inability of, or refusal by, the counterparty to perform with respect to such contracts. Transactions in financial markets outside the United States may also

involve greater transaction and custody costs and greater delays in the settlement of transactions.

### ***Small and Medium Capitalization Companies***

The Adviser may invest assets in the stocks of companies with small to medium-sized market capitalizations. While the Adviser believes they often provide significant profit opportunities, those stocks, particularly smaller-capitalization stocks, involve higher risks in some respects than do investments in stocks of larger companies. For example, prices of small-capitalization and even medium-capitalization stocks are often more volatile than prices of large-capitalization stocks, and the risk of bankruptcy or insolvency of many smaller companies (with the attendant losses to investors) is higher than for larger, “blue-chip” companies. In addition, due to thin trading in some small-capitalization stocks, an investment in those stocks may be illiquid (see discussion below).

The Adviser may also invest in PIPE transactions in which would purchase unregistered securities of a public company, generally at a price below market price for the analogous security, with the expectation that the issuer will register such securities in the future.

### ***Debt Securities***

RMB expects to invest client assets in debt securities. A debt security typically has a fixed payment schedule which obligates the issuer to pay interest to the lender and to return the lender’s money over a certain time period. A company typically meets its payment obligations associated with its outstanding debt securities before it declares and pays any dividends to holders of its equity securities. While most debt securities are used as an investment to produce income to an investor as a result of the fixed payment schedule, debt securities also may increase or decrease in value. The market value of debt securities generally varies in response to changes in interest rates and the financial condition of each issuer. During periods of declining interest rates, the value of debt securities generally increases. Conversely, during periods of rising interest rates, the value of such securities generally declines. This increase or decrease in value will affect the value of client accounts. These increases or decreases are likely to be more significant for longer duration debt securities.

### ***Dependence on Issuers***

An account's investment program may include, to a significant extent, investments in loans and loan participations (collectively, “**Loans**”) to, and debt securities issued by, issuers. The value of these credit-related obligations may decline for a number of reasons which directly relate to the issuer of such obligations, such as management performance, financial leverage and reduced demand for the issuer’s goods and services. In addition, the performance could be adversely affected if issuers of credit-related instruments in which an account has an interest (or as to which it has entered into credit-related derivatives contracts) default on those instruments (either through payment default or other events that constitute a default as defined in the relevant agreements) or if events occur that reduce the creditworthiness of those issuers. If a credit instrument were to become subject to such an event, the value of the instrument could be significantly reduced, conceivably to zero.

### ***Prepayment***

During periods of declining interest rates or for other purposes, borrowers may exercise their option to prepay principal earlier than scheduled, potentially causing an account to incur capital loss and/or to reinvest in lower yielding obligations. This is known as call or prepayment risk. Certain debt obligations have call protection features that permit the issuer to redeem the security or instrument prior to a stated date only if certain prescribed conditions are met ("call protection"). Loans typically have little or no call protection. For premium Bonds and premium Loans (Bonds and Loans priced above their par or principal value) held by an account, prepayment risk is enhanced.

### ***Non-Investment Grade Bonds***

An account may invest in Bonds (commonly known as "junk bonds") that are of below investment grade quality (rated below Baa3 by Moody's Investors Service, Inc. or below BBB- by Standard & Poor's Ratings Group and Fitch Ratings or, if unrated, reasonably determined by the Adviser to be of comparable quality ("**Non-Investment Grade Bonds**"). An account's investments in Non-Investment Grade Bonds are predominantly speculative because of the credit risk of their issuers. While normally offering higher yields, Non-Investment Grade Bonds typically entail greater potential price volatility and may be less liquid than investment grade securities. Issuers of Non-Investment Grade Bonds are more likely to default on their payments of interest and principal owed to an account, and such defaults will reduce an account's value. The prices of these lower rated obligations are more sensitive to negative developments than higher rated securities. Adverse business conditions, such as a decline in the issuer's revenues or an economic downturn, generally lead to a higher non-payment rate. In addition, a Non-Investment Grade Bond may lose significant value before a default occurs as the market adjusts to expected higher non-payment rates. Adverse publicity and changing investor perceptions may affect the ability to obtain prices for or to sell these securities.

Analyses of the creditworthiness of issuers of Non-Investment Grade Bonds may be more complex than for issuers of investment grade instruments. Credit quality of non-investment grade issuers can change suddenly and unexpectedly, and even recently issued credit ratings may not fully reflect the actual risks posed by a particular non-investment grade instrument. An account may invest in debt of companies with complex and leveraged balance sheets. An account's success in achieving its investment objective may depend more heavily on the Adviser's analyses of debtors' creditworthiness than would be the case if an account invested exclusively in investment grade securities.

### ***Senior Loans***

A portion of accounts investments may be comprised of senior secured floating rate Loans ("**Senior Loans**"). Economic and other events (whether real or perceived) can reduce the demand for certain Senior Loans or Senior Loans generally, which may reduce market prices and cause an account's value to fall. The frequency and magnitude of such changes cannot be predicted.

Senior Loans and other debt instruments are also subject to the risk of price declines due to increases in prevailing interest rates, although floating-rate debt instruments are substantially less exposed to this risk than fixed-rate debt instruments. Interest rate changes may also increase prepayments of debt obligations and require an account to invest assets at lower yields.

No active trading market may exist for certain Loans, which may impair the ability of an account to realize full value in the event of the need to liquidate such assets. Adverse market conditions may impair the liquidity of some actively traded Loans.

An account's investments in Senior Loans may include Senior Loans that are below investment grade and may be considered speculative because of the credit risk of their issuers. The risks associated with Senior Loans of below investment grade quality are similar to the risks of Non-Investment Grade Bonds, although Senior Loans are typically senior and secured in contrast to Non-Investment Grade Bonds, which are generally subordinated and unsecured. Issuers of below grade Senior Loans may be more likely to default on their payments of interest and principal owed to an account, and such defaults could reduce an account's value and income distributions. An economic downturn generally leads to a higher non-payment rate, and a debt obligation may lose significant value before a default occurs. Moreover, any specific collateral used to secure a Loan may decline in value or become illiquid, which would adversely affect the Loan's value.

#### ***Risk of Investing in Distressed Securities***

An account may invest in securities of enterprises that are experiencing or have experienced significant financial or business difficulties (including as the result of the initiation or prospect of significant litigation or bankruptcy proceedings). Investments may include loans, bank debt, commercial paper, trade claims held by trade or other creditors, stocks, partnership interests, swaps (including without limitation, credit default swaps), private equity investments and similar financial, derivative or other instruments, executory contracts and options, rights or participations in any of the foregoing, which are not publicly traded. Distressed securities may generate significant returns to an account, but also involve a substantial degree of risk. An account may lose a substantial portion or all of its investment in a distressed company or may be required to accept cash or securities with a value less than an account's original investment. Among the risks inherent in investments in entities experiencing significant financial or business difficulties is the fact that it is frequently difficult to obtain information as to the true condition of such entities. Such investments also may be adversely affected by state and federal laws and the laws of non-U.S. jurisdictions relating to, among other things, fraudulent conveyances, voidable preferences, lender liability and the bankruptcy court's discretionary power to disallow, subordinate or disenfranchise particular claims. The market prices of such instruments are also subject to abrupt and erratic market movements and above average price volatility and the spread between the bid and asked prices of such instruments may be greater than for non-distressed securities. In trading distressed securities, litigation is sometimes required. Such litigation can be time-consuming and expensive, and can frequently lead to unpredicted delays or losses. Moreover, it may sometimes be difficult to enforce and collect on these obligations.

It is anticipated that certain debt instruments purchased by an account will be non-performing and possibly in default. There can be no assurance as to the amount and timing of payments, if any, with respect to debt or other investments.

#### ***Participations in Loans Originated by Third Parties***

An account may acquire assignments and participations in Loans originated by third parties. An account may also purchase assignments and participations in Loans in the secondary



market. Participations acquired by an account in a portion of a Loan held by a selling institution (the “**Selling Institution**”) will typically result in a contractual relationship only with such Selling Institution and not the borrower on the Loan. An account will have the right to receive payments of interest, principal and any fees only from the Selling Institution and only after receipt of such amounts by the Selling Institution from the borrower on the Loan. As the holder of a participation in a Loan, an account generally will have no right to enforce compliance by the borrower with the terms of the Loan or credit agreement or any instrument evidencing such debt obligation, nor will an account have any rights of setoff against the borrower, and an account may not directly benefit from the collateral supporting the debt obligation in which it has purchased the participation. As a result, an account would assume the credit risk of both the borrower and the Selling Institution. In the event of the insolvency of the Selling Institution, an account may be treated as a general creditor of the Selling Institution in respect of the participation and may not benefit from any setoff between the Selling Institution and the borrower.

In addition, an account may not have the right to vote to waive enforcement of any default by a borrower under a Loan in which an account holds a participation. Selling Institutions commonly reserve the right to administer the Loans in which they participate as they see fit and to amend the documentation evidencing such Loans in all respects. However, most participation agreements with respect to Loans provide that the Selling Institution may not vote in favor of any amendment, modification or waiver that forgives principal, interest or fees, reduces principal, interest or fees that are payable, postpones any payment of principal (whether a scheduled payment or a mandatory prepayment), interest or fees, or releases any material guarantee or security without the consent of the participant (at least to the extent the participant would be affected by any such amendment, modification or waiver). A Selling Institution voting in connection with a potential waiver of a default by a borrower may have interests different from those of an account and the Selling Institution might not consider the interests of an account in connection with its vote. In addition, many participation agreements with respect to bank Loans that provide voting rights to the participant further provide that, if the participant does not vote in favor of amendments, modifications or waivers, the Selling Institution may repurchase such participation at par.

An account may also directly or indirectly purchase participations in distressed bank Loans in the secondary market. The risks associated with the purchase of participations by an account described above also apply to the purchase of such other participations in Loans.

### ***Risk of Investing in Bank Debt***

An account’s investment program may include investments in significant amounts of bank debt and participations. These obligations are subject to unique risks, including: (i) the possible invalidation of an investment transaction as a fraudulent conveyance under relevant creditors’ rights laws; (ii) so-called lender-liability claims by the issuer of the obligations; (iii) environmental liabilities that may arise with respect to collateral securing the obligations; and (iv) limitations on the ability of an account to directly enforce its rights with respect to participations. In analyzing bank debt transactions or participations, the Adviser will compare the relative significance of the risks against the expected benefits of the investment. Successful claims by third parties arising from these and other risks will be borne by an account.

### ***Second Lien Loans, Other Secured Loans, Subordinated Loans, Unsecured Loans and Mezzanine Loans***

If an account owns a Second Lien Loan, Other Secured Loans, Subordinated Loans, Unsecured Loans and Mezzanine Loans, your account will be exposed to increased risks.

### ***Private Debt Investments***

An account may invest in privately-issued secured and unsecured debt of both public and private companies. Private debt investments generally are of non-investment grade quality, frequently are unrated and present many of the same risks as investing in non-investment grade Loans and Non-Investment Grade Bonds. Whenever an account invests in companies that do not publicly report financial and other material information, it assumes a greater degree of investment risk and reliance upon the Adviser's ability to obtain and evaluate applicable information concerning such companies' creditworthiness and other investment considerations. Valuation may require more research, and elements of judgment may play a greater role in the valuation of private debt investments as compared to investments in public debt securities because there is less reliable objective data available. Because there is often no readily available trading market for private debt investments, an account may not be able to readily dispose of such investments at prices that approximate those at which an account could sell them if they were more widely traded. Investing in private debt instruments is a highly specialized investment practice that depends more heavily on independent credit analysis than investments in other types of obligations.

### ***Distressed Debt Obligations***

Distressed Debt Obligations generally present the same risks as investments in Non-Investment Grade Bonds and Loans of below investment grade quality. However, in most cases, the risks of Distressed Debt Obligations are of greater magnitude because of the uncertainties of investing in an issuer undergoing financial distress. An issuer of Distressed Debt Obligations may be in bankruptcy or undergoing some other form of financial restructuring. Interest and/or principal payments on Distressed Debt Obligations may be in default. Distressed Debt Obligations present a risk of loss of principal value, including potentially a total loss of value. Distressed Debt Obligations may be highly illiquid and the prices for which Distressed Debt Obligations may currently be sold may represent a substantial discount to what the Adviser believes to be the ultimate value of such obligations.

### ***Investment Grade Bonds***

An account may invest in Bonds that are of investment grade quality issued by corporations and other non-governmental entities and issuers. Although more creditworthy and less risky than Non-Investment Grade Bonds, investment grade Bonds are subject to market risk (i.e., the risk that the value of an investment will decrease due to moves in market factors) and credit risk (i.e., the risk that the issuer will be unable to make payments of principal and interest). The values of investment grade Bonds, like those of other debt securities, may be affected by changes in the credit rating or financial condition of an issuer. Some investment grade Bonds may possess speculative characteristics, and may be more sensitive to economic changes and changes in the financial condition of issuers. The market prices of investment grade Bonds in the lowest investment grade categories may fluctuate more than higher-quality securities and may decline significantly in periods of general or regional economic difficulty. Similarly, to the

Non-Investment Grade Bonds, such investment grade Bonds in the lowest investment grade categories may be thinly traded, making them difficult to sell promptly at an acceptable price.

### ***Risk of Investing in Convertible Securities***

Convertible securities are bonds, debentures, notes, preferred stocks or other securities that may be converted into or exchanged for a specified amount of common stock of the same or a different issuer within a particular period of time at a specified price or formula. A convertible security entitles its holder to receive interest that is generally paid or accrued on debt or a dividend that is paid or accrued on preferred stock until the convertible security matures or is redeemed, converted or exchanged. Convertible securities have unique investment characteristics in that they generally (i) have higher yields than common stocks, but lower yields than comparable non-convertible securities, (ii) are less subject to fluctuation in value than the underlying common stock due to their fixed-income characteristics and (iii) provide the potential for capital appreciation if the market price of the underlying common stock increases.

A convertible security may be subject to redemption at the option of the issuer at a price established in the convertible security's governing instrument. If a convertible security held by an account is called for redemption, an account will be required to permit the issuer to redeem the security, convert it into the underlying common stock or sell it to a third-party. Any of these actions could have an adverse effect on an account's ability to achieve its investment objective.

An account may invest in structured over-the-counter convertible securities offered by a bank, broker, dealer or financial intermediary, whereby the conversion value is determined by reference to a security for an issuer different than the obligor of the convertible security. Such a security would be subject to the risks inherent in other privately negotiated transactions.

### ***Interest Rate Risk***

An account's investments may be subject to interest rate risk. Generally, the value of debt securities will change inversely with changes in interest rates. As interest rates rise, the market value of debt securities tends to decrease. Conversely, as interest rates fall, the market value of debt securities tends to increase. This risk will be greater for long-term securities than for short-term securities. While an account may from time to time seek to hedge such risks (including through long or short investments in treasury securities or derivative instruments), there is no assurance that such measures, even if implemented, will be effective.

### ***Limited Experience in Certain Areas of the Credit Market***

To the extent that the Adviser has limited experience in a particular area of the credit market which it determines offers an attractive investment opportunity to an account, the Adviser, may, but will be under no obligation to, arrange for outside advisers or other persons acting in similar capacities to advise an account on such areas in consideration for a fee or in certain circumstances an equity participation or share of the return on investments in such areas, which may be pursuant to a joint venture or similar arrangement. There can be no assurance that the limited experience of the Adviser in any such additional area of the credit market will not result in a lower return than anticipated or a greater risk of loss on such investments even if Adviser arranges for outside advisers with experience in such areas to advise it.

### ***Valuation of Some Investments***

An account may not be able to liquidate some of the securities owned or otherwise held by it that are less liquid if the need were to arise and rapid sales of securities could depress their market value, reducing an account's profits, or increasing an account's losses, in the securities. In addition, in certain circumstances there may be no market for a particular Security at any price.

While the Adviser will typically value an account's portfolio based on pricing information obtained from independent sources including third party pricing services (such as FT Interactive Data and Loan Pricing Corporation), Bloomberg, an account's custodian, and other brokers, it may also rely on pricing information developed internally. Independent pricing information may not at times be available with respect to certain of an account's assets.

In addition, inaccuracies in valuation could affect an account's portfolio management activities and, as a result, cause an account to experience significant losses. The Adviser will use whatever criteria and techniques it, in its discretion, considers appropriate under all the circumstances. The value the Adviser assigns to securities (including Restricted Securities (as such term is defined in this Memorandum)), illiquid securities (including thinly traded securities and Restricted Securities) and large blocks of securities for purposes of determining an account may differ from the value an account is ultimately able to realize upon the sale of those securities.

### ***Reliance on Corporate Management and Financial Reporting***

Many of the investment strategies implemented by an account rely on the financial information made available by the issuers in which it invests. The Adviser may not have the ability to independently verify the financial information disseminated by the issuers in which an account invests and will consequently be dependent upon the integrity of both the management of these issuers and the financial reporting process in general. Recent events have demonstrated the material losses that investors such as an account can incur as a result of corporate mismanagement, fraud and accounting irregularities.

### ***Illiquid Investments***

A portion of an account's assets may from time to time be invested in securities and other financial instruments or obligations for which a limited market exists and/or which are restricted as to their transferability under Federal or state securities laws. Because of the absence of any trading market for these investments, the Adviser may take longer to liquidate these positions than would be the case for publicly traded securities. Although these securities may, under certain circumstances, be resold in privately negotiated transactions, the prices realized on such sales could be less than those originally paid. Further, companies whose securities are not publicly traded may not be subject to public disclosure and other investor protection requirements applicable to publicly traded securities. In addition, at various times, the markets for securities purchased or sold by an account, although organized and active, may nevertheless be "thin" or illiquid, making the purchase or sale of securities at desired prices or in desired quantities difficult or impossible. This lack of depth could be a disadvantage, both in the realization of the prices which are quoted and in the execution of orders at desired prices.

In addition, the markets for some of the instruments that may be traded by an account may have limited liquidity and depth. This lack of depth could be a disadvantage, both in the realization of the prices which are quoted and in the execution of orders at desired prices.

#### ***Broad Investment and Trading Mandate***

The investment management agreement does not impose significant restrictions on the Adviser's investing and trading, and permits an account to invest and trade in a broad range of securities and other financial instruments. The Adviser expects that, under current market conditions, an account will focus on a specific investment strategy. The Adviser, however, may engage in other strategies from time to time to take advantage of changing market conditions and investment opportunities, without notice. This could involve changes in the types of securities and other instruments in which an account trades and invests, as well as changes in the markets in which such securities and other instruments trade. There can be no assurance that pursuing additional strategies, either in lieu of or in addition to the strategy described herein, would be successful or not result in losses.

#### ***Counterparty Risk***

Some of the markets in which an account invests could result in the risk that a counterparty may not be able to settle a transaction with an account in accordance with its terms because of a credit or liquidity problem of the counterparty, thereby exposing an account to loss. In addition, in the case of a default by a counterparty, an account could become subject to significant losses while it attempts to execute a substitute transaction.

"Counterparty risk" is accentuated in the case of contracts having longer maturities, where events may intervene to prevent settlement, or where an account has concentrated its transactions with a single or small number of counterparties. An account is not restricted from dealing with any particular counterparty or from concentrating any or all of its transactions with one counterparty. While the Adviser will attempt to limit "counterparty risk" by transacting with well-capitalized and established institutions, it may not otherwise evaluate the creditworthiness of an accounts counterparties.

#### ***Risks Inherent in Sub-Advisers and Third-Party Manager***

The success of an account's investment through sub-advisers and/or third-party managers in general is subject to a variety of risks, including, without limitation, those related to (ii) the quality of the management of the sub-adviser and/or third-party manager; (iii) the quality of the management of the operating companies and the ability of such management to develop and maintain successful business enterprises; and (v) the ability of a sub-advisor and/or third-party manager to successfully (x) source investment opportunities; (y) operate and manage their investments; and (z) liquidate their investments. No account will have the ability to direct or influence the management and control of a sub-advisor and/or third-party manager or the operating companies in which an account may invest.

#### ***Use of Leverage by Sub-Advisers and Third-Party Manager***

Certain of sub-advisers and/or third-party managers may have highly leveraged capital structures. The use of leverage magnifies the unfavorable effects on equity values. The highly leveraged capital structures of such sub-advisers and/or third-party managers will magnify the exposure to adverse economic factors, such as rising interest rates, reduced cash flows,

fluctuations in exchange rates, inflation, downturns in the economy or deterioration in the condition of the company or its industry. In particular, in the event a sub-adviser or third-party manager cannot generate sufficient cash flow to meet its principal and interest payments on its debt obligations, the value of such investment could be significantly reduced or even eliminated. Moreover, a sub-adviser and/or third-party manager may itself employ leverage and its inability to meet its principal and interest payments on indebtedness will similarly have a material adverse effect on an account.

### *Absence of Registration*

Certain strategies are offered through private funds pursuant to the exemption from registration under the Securities Act provided by Regulation D. In addition, these private funds will typically rely on the “exclusion” from the definition of “investment company” for certain “private” investment companies provided by the Investment Company Act of 1940, as amended (the “ICA”). As a result, these private funds have not registered and are not subject to regulation under the ICA or the Securities Act, and investors are not afforded the protections that such registration and regulation might provide.

### *Futures*

The Adviser may invest in futures contracts. In the futures markets, margin deposits typically range between 2% and 15% of the value of the futures contract purchased or sold. Because of these low margin deposits, futures trading is inherently highly leveraged. As a result, a relatively small price movement in a futures contract may result in immediate and substantial losses to the trader. For example, if at the time of purchase 10% of the price of a futures contract is deposited as margin, a 10% decrease in the price of the contract would, if the contract is then closed out, result in a total loss of the margin deposit before any deduction for brokerage commissions. A decrease of more than 10% would result in a loss of more than the total margin deposit.

Futures positions may be illiquid because certain commodity exchanges limit fluctuations in certain futures contract prices during a single day by regulations referred to as “daily price fluctuation limits” or “daily limits.” Under such limits, during a single trading day no trades may be executed at prices beyond the daily limits. Once the price of a particular futures contract has increased or decreased by an amount equal to the daily limit, positions in that contract can neither be taken nor liquidated unless traders are willing to effect trades at or within the limit. This could prevent the Adviser from promptly liquidating unfavorable positions and thus subject an investor to substantial losses. In addition, the Adviser may not be able to execute futures contract trades at favorable prices if little trading in the contracts involved is taking place. It also is possible that an exchange or the CFTC may suspend trading in a particular contract, order immediate liquidation and settlement of a particular contract, or order that trading in a particular contract be conducted for liquidation only.

Certain commodity exchanges have also established limits, referred to as “position limits,” on the maximum net long or net short positions which any person may hold or control in particular commodity futures contracts. The CFTC has proposed rules that would impose position limits on other futures contracts. The Adviser may have to modify its investment and trading decisions, and might have to liquidate positions, in order to avoid exceeding such limits. If this should occur, it could adversely affect the profitability of an investment.

### ***Forward Trading***

The Adviser may utilize forward contracts and options thereon which, unlike futures contracts, are not traded on exchanges and are not standardized; rather banks and dealers act as principals in these markets, negotiating each transaction on an individual basis. Forward and “cash” trading is substantially unregulated; there is no limitation on daily price movements and speculative position limits are not applicable. The principals who deal in the forward markets are not required to continue to make markets in the currencies or commodities they trade and these markets can experience periods of illiquidity, sometimes of significant duration. There have been periods during which certain participants in these markets have refused to quote prices for certain currencies or commodities or have quoted prices with an unusually wide spread between the price at which they were prepared to buy and that at which they were prepared to sell. Disruptions can occur in any market in which the Adviser trades due to unusually high trading volume, political intervention or other factors. The imposition of controls by governmental authorities might also limit such forward trading to less than that which the Adviser would otherwise engage in. Market illiquidity or disruption could result in major losses for an investor.

In the forward markets, margin deposits may be even lower than in other markets or may not be required at all. Such low or non-existent margin deposits are indicative of the fact that any trading in the forward markets typically is accompanied by a high degree of leverage.

### ***Combination Transactions***

The Adviser may engage in spreads or other combination options transactions involving the purchase and sale of related options and futures contracts. These transactions are considerably more complex than the purchase or writing of a single option. They involve the risk that executing simultaneously two or more buy or sell orders at the desired prices may be difficult or impossible, the possibility that a loss could be incurred on both sides of a multiple options transaction, and the possibility of significantly increased risk exposure resulting from the hedge against loss inherent in most spread positions being lost as a result of the assignment of an exercise to the short leg of a spread while the long leg remains outstanding. Also, the transaction costs of combination options transactions can be especially significant because separate costs are incurred on each component of the combination.

### ***Straddles***

In straddle writing, where the investor writes both a put and a call on the same underlying interest at the same exercise price in exchange for a combined premium on the two writing transactions, the potential risk of loss is unlimited. To the extent the price of the underlying interest is either above or below the exercise price by more than the combined premium, the writer of a straddle will incur a loss when one of the options is exercised. If the writer is assigned an exercise on one option position in the straddle and fails to close out the other position, subsequent fluctuations in the price of the underlying interest could cause the other option to be exercised as well, causing a loss on both writing positions.

There is no market for interests and none is expected to ever develop for these private funds. Consequently, investors may not be able to liquidate their investment, or securities distributed to them in kind, in the event of an emergency or for any other reasons. Interests may not be pledged as collateral for loans.

Typically, these private funds limit (i) the transferability of interests and (ii) restricts the times at which investors may withdraw funds from the private fund.

**THERE CAN BE NO ASSURANCE THAT THE METHODS DESCRIBED ABOVE WILL BE SUCCESSFUL OR THAT CLIENTS WILL NOT SUFFER LOSSES. INVESTING IN SECURITIES INVOLVES RISK OF LOSS THAT CLIENTS SHOULD BE PREPARED TO BEAR.**

**CO-MINGLED INVESTMENT POOLS HAVE DIFFERENT RISKS DEPENDING ON THE STRATEGY IMPLEMENTED BY THE MANAGER OF THE CO-MINGLED INVESTMENT POOL. PLEASE SEE THE OFFERING MEMORANDUM OR PROSPECTUS FOR A FULL LIST OF RISKS ASSOCIATED WITH SUCH INVESTMENTS.**

### **DISCIPLINARY INFORMATION**

RMB is required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of it or the integrity of its management. RMB has no information applicable to this section.

### **OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

RMB and its principals have no other financial industry activities or affiliations except that RMB serves as a general partner or manager of several private investment vehicles and RMB's affiliate, RMB West, provides retirement plan solution services. A portfolio manager of a family of RMB managed private funds, owns another registered investment adviser that serves as a sub-advisor to an investment company and several managed accounts. Additionally, this portfolio manager and the assistant portfolio manager for our long/short equity financials strategy each serve as a member of the board of directors for a community bank. Each community bank is owned by the family of private funds managed by them and they each serve as a director, in part, to monitor these investments. Any compensation earned by them as members of the board of directors are given to the private funds.

### **CODE OF ETHICS**

RMB has adopted a Code of Ethics for all supervised persons of RMB describing its high standard of business conduct and fiduciary duty to clients. The Code of Ethics includes provisions relating to the confidentiality of client information, a prohibition on insider trading, restrictions on the acceptance of significant gifts, and personal securities trading procedures, among other things. All supervised persons at RMB must acknowledge the terms of the Code of Ethics as a new employee, annually, or as amended.

Employees of RMB may introduce that clients to private funds managed by RMB. In addition to management fees, RMB may earn incentive allocations or incentive fee from one or all private funds managed by RMB. While RMB may have a financial incentive to recommend an investment in a private fund managed by RMB, it will consider the suitability of the investment in light of the client's objectives and restrictions. In addition, RMB will provide the client with a Confidential Private Placement Memorandum for each private fund which outlines, among



other things, the risks and conflicts of interest. Ultimately, for hedge funds managed by RMB, certain clients have final discretion with respect to making an investment into a private fund.

From time to time, employees or related persons of RMB may invest in securities that are also held in client accounts. All transactions in these and other securities must comply with RMB's Code of Ethics, a copy of which is available by request. The Code of Ethics requires, among other things, that employees and related persons of RMB:

- Are limited in their ability to trade in such securities if RMB is trading for client accounts on the same day;
- Must report all personal trading to RMB's Compliance Department to review compliance with these standards;
- May not trade for their personal accounts when in possession of market sensitive information; and
- Must hold any securities purchased for their personal accounts for a minimum period.

Employee accounts are segregated from client accounts and are generally traded after all client trading is completed for the day.

In certain circumstances and upon written request, RMB may permit transactions in a security that would otherwise be prohibited under RMB's Code of Ethics.

RMB does not directly buy or sell for itself securities that it also recommends to clients, but assets of RMB, including its 401(k) plan, may hold such securities. Any transactions in this plan that are directed by employees would be subject to RMB's Code of Ethics.

RMB's clients and prospective clients may request a copy of RMB's Code of Ethics by contacting its Compliance Department at (312) 993-5800 or [compliance@rmbcap.com](mailto:compliance@rmbcap.com).

## **BROKERAGE PRACTICES**

### ***Brokerage Suggestions***

In most circumstances, where a client has not previously made custodial arrangements, RMB will suggest that the client use a particular broker-dealer to act as custodian for the funds and securities to be managed. In those cases, RMB generally recommends one broker-dealer with whom RMB has negotiated rates believed to be beneficial to RMB and its clients. Clients are not required to use this broker/custodian or to utilize the negotiated fee schedules.

### ***National Financial Services LLC and Fidelity Brokerage Services LLC***

RMB has an arrangement with National Financial Services LLC and Fidelity Brokerage Services LLC (collectively, and together with all affiliates, "Fidelity") through which Fidelity provides RMB with "institutional platform services." The institutional platform services include, among others, brokerage, custody, and other related services. Fidelity's institutional platform services that assist RMB in managing and administering clients' accounts include software and other

technology that (i) provide access to client account data (such as trade confirmations and account statements); (ii) facilitate trade execution and allocate aggregated trade orders for multiple client accounts; (iii) provide research, pricing and other market data; (iv) facilitate payment of fees from its clients' accounts; and (v) assist with back-office functions, recordkeeping and client reporting.

Fidelity also offers other services intended to help RMB manage and further develop its advisory practice. Such services include, but are not limited to, performance reporting, financial planning, contact management systems, third party research, publications, access to educational conferences, roundtables and webinars, practice management resources, access to consultants and other third party service providers who provide a wide array of business-related services and technology with whom RMB may contract directly.

RMB is independently operated and owned and is not affiliated with Fidelity.

Fidelity generally does not charge its adviser clients separately for custody services but is compensated by account holders through commissions and other transaction-related or asset-based fees for securities trades that are executed through Fidelity or that settle into Fidelity accounts (i.e., transactions fees are charged for certain no-load mutual funds, commissions are charged for individual equity and debt securities transactions). Fidelity provides access to many no-load mutual funds without transaction charges and other no-load funds at nominal transaction charges.

#### ***Directed Brokerage***

If a client directs where his or her brokerage is placed by RMB, including directing trading through a broker suggested by RMB, RMB will not seek to negotiate commission rates for the client, as these have been pre-negotiated between the client and the broker-dealer. As such, a client who directs brokerage should consider that the client: (i) may pay higher commissions on some transactions than may be attainable by RMB, or may receive less favorable execution of some transactions or both; (ii) may forego any benefit on execution costs that could be obtained for clients through negotiated volume discounts on bunched transactions; (iii) may not be able to participate in the allocation of a new issue, if the new issue shares are provided by another broker; (iv) may receive execution of a particular trade after the execution of such trade for clients who have not directed the brokerage for their accounts; and (vii) may not experience returns equal to clients who have not directed brokerage for their accounts.

#### ***Soft Dollars***

RMB may select brokers to execute trades for clients that provide certain "soft dollar" benefits to RMB in exchange for client brokerage fees. RMB is generally obligated to pursue "best execution" for its clients (except with respect to directed brokerage for those clients that instruct RMB to use certain brokers for their accounts), but RMB may include the provision of such soft dollar benefits in its determination of best execution. RMB will limit its receipt of soft dollar benefits to those that meet the "safe harbor" under Section 28(e) of the Exchange Act – namely benefits relating to trading or research services. Certain clients that have directed brokerage arrangements may benefit from soft dollar products and/or services even though their brokerage may not be used to pay for such services. RMB has a committee that monitors its use of "soft dollars".

### ***Custodial Fees: Asset Based and Transaction Based Fees***

When considering which fee option to choose, several items should be considered. These include the frequency of trading, cash levels and size of the account. For example, if a client elects to be charged an Asset Based Fee, it is generally anticipating a more actively managed account. In this case, the client accepts the risk that it may have been better off choosing Transaction Based Fees in the event the account has fewer transactions than was expected for that account. Similarly, if a client elects to be charged Transaction Based Fees, it is generally anticipating a less actively managed account and accepts the risk that it may have been better off electing an Asset Based Fee in the event the account experiences more frequent transactions than expected. An account being charged an Asset Based Fee may be invested temporarily in cash or cash equivalents, or otherwise not actively managed, for short periods of time as a result of decisions made by the clients or their advisor. Under these circumstances, the client acknowledges that the custodian continues to hold the account assets and, accordingly continues to charge its custodial fees. A more detailed explanation of the types of considerations faced by a client that chooses an Asset Based Fee versus Transaction Based Fees is included in the Asset-Based Pricing Supplement of your custodial Account Agreements.

### ***Brokerage, Generally***

When brokerage is not directed, clients generally rely on RMB to determine the broker through which their transactions will be executed, and RMB generally makes those determinations on a transaction-by-transaction basis. In determining the brokers through whom, and commission rates and other transaction costs at which, securities transactions for client accounts are to be executed, RMB will generally seek to negotiate a combination of the most favorable commission and the best price obtainable on each transaction. However, RMB may consider various additional factors when selecting a broker including, but not limited to, the nature of the portfolio transaction, size of the transaction, execution, clearing and settlement capabilities, desired timing of transactions, reliability, financial condition, confidentiality of trades, client direction and under appropriate circumstances, the availability of research and research-related services provided. Trade-aways or step-outs are trades in Fidelity accounts that are executed by a broker outside of Fidelity. The broker receives a commission for executing the trade. The commission is a separate transaction cost which is charged in addition to the quarterly custodial fee charged by Fidelity.

On occasion, RMB may effect “cross” trades between client accounts through an unaffiliated broker/dealer at the prevailing market price. RMB will effect such transactions only when it deems the transaction to be in the best interests of both client accounts. The manner of calculating the cross price may change over time and is documented within policies and procedures adopted by RMB. The custodian may charge a service fee for crossing the trade. RMB, as the investment adviser, receives no transactional compensation in regard to cross trades other than investment management fees that are based on the assets managed in each account. In addition, RMB executes buys and sells in the same security in different client accounts based on liquidity needs. RMB does not cross those transactions for proprietary accounts; rather the trades are executed at current market prices.

Additionally, RMB affiliated hedge funds may trade in different positions from each other. For example, an 1837 Fund may trade and may continue to trade in securities and other financial

instruments for the benefit of its investors which may not benefit the investors of a Twin Lake Fund and even if such trades compete with, occur ahead of or are opposite positions taken by a Twin Lake Fund. RMB may, at its discretion, aggregate trades done for multiple accounts in order to reduce commissions and execution costs. All accounts for whom trades are aggregated will receive an average execution price. In cases when a trade is not completed in a single day, RMB will allocate the traded shares either randomly or pro-rata among all of the accounts in the trade block. The choice of an allocation method for a particular trade will be based on a variety of factors, including percentage of the trade completed, ability to settle the transactions efficiently and potential costs to clients.

Errors may occur in the process of making or implementing investment decisions on behalf of clients. RMB has policies in place to shield clients from any negative effects of an error caused by RMB. If the assets of the Client are located at a broker-dealer and/or custodian that does not allow the netting of trade errors, Clients may receive the benefit of any errors with positive effects in keeping with the policies of the Client, the executing broker and RMB. If the assets of the Client are located at a broker-dealer and/or custodian that does allow the netting of trade errors, the Adviser's trade error account at the broker-dealer and/or custodian will receive the benefit and the burden of the error and not the Client. In either situation, the Clients will be made "whole".

For private funds managed by RMB Capital, the private funds will be responsible for all trading errors (the funds will receive any gains and be responsible for any losses) except for such losses outlined in the Investment Management Agreement.

Errors may arise in various situations due to clerical errors or violations of account restrictions. RMB's primary goal will be to correct the error as soon as practicable after being found. Procedures have been put in place to identify and resolve such errors.

## **REVIEW OF ACCOUNTS**

RMB's Asset Management Department including the Director and Analysts review accounts on a regular basis. The reviews generally include daily monitoring of performance for proprietary and sub-advised portfolios, weekly reviews of pricing, valuation and other fundamental holdings characteristics for proprietary equity and taxable fixed income strategies, weekly reviews of portfolio weights and cash levels versus targets for proprietary equity portfolios, monthly reviews of holdings in proprietary fixed income, ETF and mutual fund portfolios, monthly reviews of non-standard holdings and quarterly reviews of sub-advised portfolios. The Director initiates any action required to address the items found through these regular reviews. Action may involve trading, transferring assets to alternate accounts or selection of new sub-advisers or third-party managers.

RMB's Operations Department performs or monitors regular automated reconciliations of client accounts to help ensure that reported positions match RMB's expected positions for such accounts.

RMB generally makes reports available to clients on a quarterly basis, at a minimum. These reports include information detailing the performance of the accounts, portfolio holdings and

transactions. Representatives of RMB will generally meet with clients on an annual basis, or more frequently as requested by the client. The relevant custodian(s) will also send information regarding account holdings, transactions and cash flows directly to clients. Clients may also choose to receive trade confirmations directly from the custodian.

## **CLIENT REFERRALS AND OTHER COMPENSATION**

RMB has entered into an arrangement with Lockwood Advisors, Inc. ("**Lockwood**"), an investment adviser registered with the Securities and Exchange Commission. Lockwood provides RMB with a number of tools to assist RMB in providing its clients with investment advisory services. Through Lockwood, RMB has access to various money managers with reduced fees and account minimums which may not otherwise be available to RMB.

Lockwood charges for its services as a percentage of assets under management. Such fees are due and payable quarterly, in advance, and are based upon the market value of the client's account assets as determined TDby the custodian as of the close of business on the last day of the previous calendar quarter. Fees for the initial quarter will be adjusted pro-rata based upon the number of calendar days in the calendar quarter that the Agreement goes into effect. Fees may be negotiable. These fees are in addition to fees payable by clients to RMB and the custodian.

RMB has entered into an arrangement with a marketing agent whereby the agent solicits investment advisory business for RMB Jennings, a division of RMB, and is compensated on the basis of a percentage of the fees of those clients who open and maintain investment advisory accounts with RMB. The clients are charged fees in accordance with RMB's advisory fee schedule. Fees may be negotiable.

RMB performs financial planning services for certain clients who are executives or employees. RMB is retained directly by the company to provide such services. Each company compensates RMB directly for these services and the amount varies depending upon the level of the executive or employee. RMB may reimburse a portion of the wealth/advisory fees paid directly to RMB by the client in consideration of the amount paid by the company.

RMB participates in the Fidelity Wealth Advisor Solutions Program (the "WAS Program"), through which RMB receives referrals from Strategic Advisers, Inc. ("SAI"), a registered investment adviser and subsidiary of FMR LLC, the parent company of Fidelity Investments. RMB is independent and not affiliated with SAI or FMR LLC. SAI does not supervise or control RMB, and SAI has no responsibility or oversight for RMB's provision of investment management or other advisory services.

Under the WAS Program, SAI acts as a solicitor for RMB, and RMB pays referral fees to SAI for each referral received based on RMB's assets under management attributable to each client referred by SAI or members of each client's household. The WAS Program is designed to help investors find an independent investment adviser, and any referral from SAI to RMB does not constitute a recommendation or endorsement by SAI of RMB's particular investment management services or strategies. More specifically, RMB pays the following amounts to SAI for referrals: RMB shall pay SAI an amount equal to an annual percentage of 0.20% of any and

all assets related to client accounts which have been referred and are subject to a minimum aggregated annual fee of \$10,000. These referral fees are paid by RMB and not the client.

As a result of its participation in the WAS Program, RMB may have potential conflicts of interest including its decision to use certain affiliates of SAI, including FBS, for execution, custody and clearing for certain client accounts, and RMB may have a potential incentive to suggest the use of FBS and its affiliates to its advisory clients, whether or not those clients were referred to RMB as part of the WAS Program. Under an agreement with SAI, RMB has also agreed that it will not charge clients more than the standard range of advisory fees disclosed in its Form ADV 2A Brochure to cover solicitation fees paid to SAI as part of the WAS Program.

RMB participates in the Fidelity Institutional Wealth Services RIA Match. The RIA Match is a service providing RMB with merger and acquisition referrals. RMB would pay a fee to Fidelity upon the merger with or acquisition of a referral and the actual conversion of the referral's assets under management. RMB's participation in the program may raise potential conflicts of interest. RMB may have an incentive to recommend that clients custody assets with Fidelity.

Certain RMB executives attend a bi-annual Fidelity Advisor Council meeting and other Fidelity related meetings. Fidelity pays for flight, hotel and transportation expenses on behalf of these executives to attend these meetings. In addition, as an informal arrangement, Fidelity or RMB may pay for food and beverage expenses at periodic seminars conducted by RMB and attended by clients and prospects.

RMB may allocate client funds to sub-advisers. In certain circumstances, a sub-adviser may invoice RMB for an amount that is less than the amount charged to clients. RMB may retain any excess or rebate the excess to clients.

RPS may receive client references from RMB. RMB has an incentive to recommend RPS to its clients.

### **CUSTODY**

As the general partner or investment manager of each of the private funds listed above, RMB will generally be deemed to have custody of client assets (despite the fact that RMB will never have actual physical custody of such assets). RMB will use its best efforts to deliver audited financial statements for each private fund to its investors within 120 days after the end of each funds' fiscal year except for RMB FI, RMB RE and RMB PE. Members in RMB FI, RMB RE and RMB PE will generally receive audited financial statements within 180 days after the end of each funds' fiscal year. Currently, RMB, has custody and signatory rights over a small amount of financial management and wealth management client assets and is subject to a surprise examination every year.

Except as outlined above, RMB will not, directly, have custody over other client funds or securities. All client funds and securities will be held at a broker-dealer, bank or other qualified custodian.

Clients should receive at least quarterly statements or links to their quarterly statements from the broker-dealer, bank or other qualified custodian that holds and maintains clients'

investment assets. RMB urges you to carefully review such statements and compare such official custodial records to the account statements that we may provide to you. Our statements may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

### **INVESTMENT DISCRETION**

RMB provides both discretionary and non-discretionary investment advisory services to its clients.

Where investment discretion has been granted, RMB supervises and manages the account and makes investment decisions generally without consultations with the client. Discretionary decisions include determinations regarding which securities are bought and sold for the account, the total amount of the securities to be bought and sold, the brokers with whom orders for the purchase or sale of securities are placed for execution and the price per share and the commission rates at which securities transactions are effected. In some instances, RMB's discretionary authority in making these determinations may be limited by conditions imposed by clients in their investment guidelines or objectives or in instructions otherwise provided to RMB.

RMB also has non-discretionary arrangements with clients where RMB will recommend securities or transactions with the clients having final authority. Generally, trading for discretionary and non-discretionary accounts will not be aggregated. Clients under non-discretionary arrangements should be aware that if RMB is not able to aggregate such trades, non-discretionary accounts will be traded after trading for discretionary accounts is executed which may result in inferior execution prices for those trades.

For certain clients of RMB, RMB will generally not exercise discretion when determining whether to make an investment in RMB managed private funds.

RMB's trading authority for discretionary and non-discretionary accounts may also be limited, and the client may not always obtain the best price and execution due to directions from a client to have transactions effected through specified brokers, including brokers suggested to the client by RMB. Generally, a client's direction of trading will be in return for portfolio evaluation, safekeeping of securities or other services from the relevant broker deemed of value by the client.

### **VOTING CLIENT SECURITIES**

RMB has adopted and implemented policies and procedures that RMB believes are reasonably designed to ensure that proxies are voted in the best interest of clients in those cases where a client has contractually given proxy voting responsibility to RMB.

Votes are cast in accordance with RMB's fiduciary duties and SEC rule 206(4)-6 under the Advisers Act. The proxy voting guidelines have been tailored to reflect these rules and the long-standing fiduciary standards and responsibilities for ERISA accounts set out by the



Department of Labor. Clients may retain their right to vote proxies provided they give RMB prior written notice.

For clients who do not retain their right to vote proxies, RMB has contracted Institutional Shareholder Services, Inc., a subsidiary of MSCI Inc. (“ISS”), an outsourcing company, to handle administration and voting of client proxies. Additionally, ISS provides research on proxy proposals and vote recommendations based on written guidelines, which are reviewed and approved from time to time by RMB’s Sub-Committee (the “Committee”). The Committee is made up of executives of RMB.

RMB, as a general matter, accepts vote recommendations from ISS, though RMB retains the right to determine the vote on a particular proxy issue. Accordingly, there may be instances, including those in which ISS recommends a vote in line with management, in which the Asset Management Department or a Portfolio Manager for a private fund managed by RMB will provide the Committee with its written recommendations as to why RMB should not vote as recommended by ISS on a particular proxy issue. In those instances, the Committee may decide to vote contrary to ISS’s recommendation if it is determined to be in the best interests of the clients. As a matter of course, members of the Committee will also review issues for which ISS does not provide a recommendation.

In cases in which it is determined that RMB has a material conflict of interest that could influence how proxies are voted, such conflicts may be resolved by using the recommendation of ISS if it is determined to be in the best interests of the client. Alternatively, RMB, when appropriate, may decide to disclose the conflict to the affected clients and give the clients the opportunity to vote their proxies themselves, or the Committee may review the issue and determine a vote. In any of these material conflict of interest situations, the Committee will review the issue and determine a resolution.

Additionally, there may be cases where RMB deems that the cost benefit analysis of voting proxies received for client accounts may lead to RMB declining to vote. Such instances may include:

- Voting for foreign securities in countries which require “share-blocking,” and
- Unsupervised securities; and
- Securities in Transition or already sold; and
- Completing ballots for companies held in the client account as of the record date, but which are no longer owned at the time that a vote would be cast.

Additional information regarding RMB’s proxy voting policies and procedures can be obtained by contacting RMB by mail or by phone at (312) 993-5800. Clients may request information on votes cast by making a request by phone or mail.

RMB does not generally participate in class action lawsuits directly on behalf of clients. Clients are given an option to elect a third-party vendor to provide class action litigation monitoring and claim filing. RMB does, however, facilitate an exchange of information between the Client and the third-party vendor. Any information received regarding class action lawsuits will be



forwarded to the clients who may be eligible to participate and do not elect to utilize the services of a third-party vendor.

### **FINANCIAL INFORMATION**

Registered investment advisers are required in this section to provide you with certain financial information or disclosures about RMB's financial condition. RMB has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding.

FACTS		WHAT DOES RMB CAPITAL MANAGEMENT, LLC (“RMB”) DO WITH YOUR PERSONAL INFORMATION?	
WHY?	Financial companies choose how they share your personal information. Federal law gives consumers the right to limit some but not all sharing. Federal law also requires us to tell you how we collect, share, and protect your personal information. Please read this notice carefully to understand what we do.		
WHAT?	<p>The types of personal information we collect and share depend on the product or service you have with us. This information can include:</p> <ul style="list-style-type: none"><li>▪ Social security number</li><li>▪ Income and Assets</li><li>▪ Investment Experience</li><li>▪ Risk tolerance</li><li>▪ Transaction history</li><li>▪ Account Balances</li></ul>		
HOW?	All financial companies need to share customers’ personal information to run their everyday business. In the section below, we list the reasons financial companies can share their customers’ personal information; the reasons RMB chooses to share; and whether you can limit this sharing.		
Reasons we can share your personal information		Does RMB Share?	Can you limit this sharing?
For our everyday business purposes - such as to process your transactions, maintain your accounts(s) or respond to court orders and legal investigations.		Yes	No
For our marketing purposes - to offer our products and services to you		Yes	Yes
For joint marketing with other financial companies		No	We don’t share
For our affiliates' everyday business purposes - information about your transactions and experiences		Yes	No
For our affiliates' everyday business purposes - information about your creditworthiness		No	We don’t share
For non-affiliates to market to you		No	We don’t share
To limit our sharing	<p>Call toll free: 1-800-601-5228</p> <p>Please note:</p> <p>If you are a <i>new</i> customer, we can begin sharing your information 30 days from the date we sent this notice. When you are <i>no longer</i> our customer, we continue to share your information as described in this notice. However, you can contact us at any time to limit our sharing.</p>		
Questions?	<p>Call toll free: 1-800-601-5228</p> <p>Continued</p>		

Privacy Policy, continued	
Who we are	
Who is providing this notice?	RMB Capital Management, LLC, RMB West, LLC, Iron Road Capital Partners, LLC, RMB Mendon Managers LLC, RMB Logan Stone Managers LLC and South LaSalle Managers, LLC
What we do	
How does RMB protect my personal information?	To protect your personal information from unauthorized access and use, we use security measures that comply with federal law. These measures include computer safeguards and secured files and buildings.
How does RMB collect my personal information?	<p>We collect your personal information, for example, when you</p> <ul style="list-style-type: none"> <li>▪ Enter into an investment advisory contract</li> <li>▪ Open an account</li> <li>▪ Tell us about your investment or retirement portfolio</li> <li>▪ Provide your employment information</li> <li>▪ Show your Driver's license information</li> </ul>
Why can't I limit all sharing?	<p>Federal law gives you the right to limit only</p> <ul style="list-style-type: none"> <li>▪ sharing for affiliates' everyday business purposes – information about your creditworthiness</li> <li>▪ affiliates from using your information to market to you</li> <li>▪ sharing for non-affiliates to market to you</li> </ul> <p>State laws and individual companies may give you additional rights to limit sharing.</p>
What happens when I limit sharing for an account I hold jointly with someone else?	Your choices will apply to everyone on your account - unless you tell us otherwise.
Definitions	
Affiliates	<p>Companies related by common ownership or control. They can be financial and nonfinancial companies.</p> <ul style="list-style-type: none"> <li>▪ <i>RMB West, LLC</i></li> <li>▪ <i>Iron Road Capital Partners, LLC</i></li> <li>▪ <i>South LaSalle Managers, LLC</i></li> <li>▪ <i>RMB Mendon Managers LLC</i></li> <li>▪ <i>RMB Logan Stone Managers LLC</i></li> </ul>
Non-affiliates	<p>Companies not related by common ownership or control. They can be financial and nonfinancial companies.</p> <ul style="list-style-type: none"> <li>▪ <i>RMB Capital Management doesn't share with non-affiliates so they can market to you.</i></li> </ul>
Joint Marketing	<p>A formal agreement between non-affiliated financial companies that together market financial products or services to you.</p> <ul style="list-style-type: none"> <li>▪ <i>RMB Capital Management doesn't jointly market.</i></li> </ul>