

# Part 2A of Form ADV

## RMB Capital Management, LLC

115 S. LaSalle St., 34<sup>th</sup> FL

Chicago, Illinois 60603

(312) 993-5800

[www.rmbcap.com](http://www.rmbcap.com)

March 27, 2013

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 Advisor's last filing on filed October 5, 2012.

## TABLE OF CONTENTS

MATERIAL CHANGES.....	ii
TABLE OF CONTENTS .....	iii
ADVISORY BUSINESS.....	1
OTHER BUSINESSES.....	12
FEES AND COMPENSATION .....	2
PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT .....	6
TYPES OF CLIENTS .....	7
METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS.....	7
DISCIPLINARY INFORMATION .....	12
OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS.....	12
CODE OF ETHICS .....	12
BROKERAGE PRACTICES.....	13
REVIEW OF ACCOUNTS.....	15
CLIENT REFERRALS AND OTHER COMPENSATION .....	16
CUSTODY .....	17
INVESTMENT DISCRETION .....	18
VOTING CLIENT SECURITIES.....	18
FINANCIAL INFORMATION.....	20
Privacy Policy	

## ADVISORY BUSINESS

RMB Capital Management, LLC (“RMB”) is a Delaware limited liability company formed on January 2, 2005. As of July 1, 2011, its principal owner is RMB Capital Holdings, LLC. RMB is also a qualified professional asset manager.

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 experts, as the “central advisor” 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. Advisors’ 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 advisor, 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 open architecture 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, 2012, RMB has \$3,096,972,985 in assets under management of which, \$2,383,270,486 is discretionary and \$ 713,702,499 is non-discretionary\*.

*\*includes assets advised by RMB Retirement Plan Solutions, a pension consultant.*

## OTHER BUSINESSES

### A. Iron Road Capital Partners LLC

Iron Road Capital Partners LLC ("Iron Road") is an alternative investment platform offering alternative managers a joint venture structure. It seeks to add managers pursuing non-traditional strategies to its platform to create portfolio diversification options for investors. Current managers include a long/short U.S. equity strategy and a long/short stressed-debt strategy. In addition to the services provided to managers, Iron Road may serve as a General Partner or Investment Manager for an alternative investment fund or funds.

### B. RMB West, LLC ("RMB West")

RMB West was formed on April 21, 2011 and is an affiliate of RMB. RMB established RMB West to expand the geographic reach of our wealth management business to the western regions of the United States. RMB West has offices in Denver, Colorado and Jackson Hole, Wyoming. RMB West is also a registered investment advisor and is an affiliate of RMB.

### C. RMB Retirement Plan Solutions, a division of the RMB West and Pension Consultant

RMB Retirement Plan Solutions is a division of RMB West. RMB Retirement Plan Solutions is a consulting and advisor 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, 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 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. Special Situations Strategy:**

1.50%	inception value \$250,000-\$499,999
1.25%	inception value \$500,000-\$999,999
1.00%	inception value greater than \$1 million

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

*\*RMB Asset Management fees do not include the asset management fees assessed by Sub-Advisors (or third-party) investment managers. All fees listed above do not include custodial 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 and are fully disclosed to clients 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) 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) 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), 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-advisor or underlying fund.

For RMB PE (as defined below), 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-advisor or underlying fund.

For all funds managed by RMB, fees referenced above may be waived at the sole discretion of RMB.



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

The specific manner in which fees are charged by RMB Retirement Plan Solutions is established in a written agreement with the 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 (ERISA plan) as outlined below. RMB Retirement Plan Solutions does not charge any performance-based fees. Fees are negotiable and dependent on the scope and depth of the services provided. The fee structure and any changes to the original fee will be agreed upon with the client in writing. RMB Retirement Plan Solutions' fees are payable quarterly in advance unless other payment arrangement have been agreed upon. 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 investment.

First	\$1,000,000	\$10,000
Next	\$2,000,000	0.550%
Next	\$2,000,000	0.300%
Next	\$5,000,000	0.100%
Over	\$10,000,000	0.050%

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

In certain circumstances and at the request of a client, the Advisor may include assets not managed by the Advisor 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 Advisor.

## **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 West 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 equally, 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 perform rigorous due diligence on all investments and are 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 open architecture 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 equity classes internally, which cover both large and small market capitalizations. Our domestic equity allocation also includes an in-house long/short hedge fund. 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**

### **A. 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.

### **B. 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.

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

RMB Fixed Income Opportunities QP LLC (the **"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.

### **D. RMB Private Equity Opportunities QP LLC -Series 1**

RMB Private Equity Opportunities QP LLC (the **"RMB PE"**) 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 each Series is to achieve strong, risk-adjusted returns in private equity and debt investments by focusing on attractive niches over time. The niches favored by the Series include but are 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.

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

#### **E. 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 hedge 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-advisor.

Generally, the fees payable to any independent private fund 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 are as follows:

#### ***General Investment Risk***

The business of investing in securities is highly competitive and the identification of attractive investment opportunities is difficult and involves a high degree of uncertainty.

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 RMB, 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.

### *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.

### *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.

### *Changing Market Conditions*

Certain changes in general market conditions — for example, markets in which new inputs or an influx of new market participants disrupt the historical relationship between econometric factors and equity price movements — could materially reduce the profit potential for RMB's clients.

**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.**

### **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.

### **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 recommend that clients invest in a private fund 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 the Confidential Private Placement Memorandum for a private fund which outlines, among other things, the risks and conflicts of interest. Ultimately, for hedge funds affiliated with RMB, certain clients have final discretion with respect to making an investment.

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.

## **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.

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 advisor 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".

#### *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, a 1837 Fund may invest and trade and may continue to invest and 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. Clients may receive the benefit of any errors with positive effects in keeping with the policies of the client, the executing broker and RMB. 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-advisors 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 by 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. Please refer to Lockwood's Wrap Fee Program Brochure for additional information. 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 advisor, 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 referred client accounts 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.

RMB's CEO attends a bi-annual Fidelity Advisor Council meeting. Fidelity pays for flight, hotel and transportation expenses on behalf of the CEO to attend these meetings. In addition, as an informal arrangement, Fidelity 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-advisors. In certain circumstances, a sub-advisor 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 comply with the Advisers Act custody rules by delivering audited financial statements for each private hedge fund to its investors within 120 days after the end of each funds' fiscal year except for RMB FI and RMB PE. Members in RMB FI and RMB PE will receive audited financial statements within 180 days after the end of each funds' fiscal year.

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. However, certain affiliates of RMB may have custody over client funds or securities.

Clients should receive at least 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 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 not exercise discretion when determining whether to make an investment in a RMB related hedge fund.

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 RiskMetrics Group (“**RiskMetrics**”), an outsourcing company, to handle administration and voting of client proxies. Additionally, RiskMetrics provides research on proxy proposals and vote recommendations based on written guidelines, which are reviewed and approved from time to time by RMB’s Proxy Voting Sub-Committee (the “**Committee**”). The Committee is made up of executives of RMB.

RMB, as a general matter, accepts vote recommendations from RiskMetrics, though RMB retains the right to determine the vote on a particular proxy issue. Accordingly, there may be instances, including those in which RiskMetrics recommends a vote in line with management, in which the Asset Management Department will arrange a vote of the Committee via email on a particular proxy issue. In those instances, the Committee may decide to vote contrary to RiskMetric’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 RiskMetrics 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 RiskMetrics 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?	The types of personal information we collect and share depend on the product or service you have with us. This information can include: <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	Call toll free: 1-800-601-5228  Please note:  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.		
Questions?	Call toll free: 1-800-601-5228		
Continued			



Privacy Policy, continued	
Who we are	
Who is providing this notice?	RMB Capital Management, LLC, RMB West, LLC, Iron Road Capital Partners, 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 nonaffiliates 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> </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>