

All Cap Sustainable Growth Portfolio

First Quarter 2017

Portfolio Review

The All Cap Sustainable Growth portfolio outperformed the Russell 3000 Growth Index during the first quarter. The portfolio benefited from strong stock selection in the information technology and consumer discretionary sectors, while negative stock selection in health care and an overweight in energy detracted from performance.

Holdings that contributed the most to performance during the quarter were Facebook and Alibaba Group. Facebook continues to grow advertising revenue and take share in the online digital marketing space. The company delivers an unprecedented global reach of 20% of the earth's population to advertisers in a very measureable (ROI) way. Monetization of this audience has barely scratched the surface of its long-term potential. Future growth levers include untapped monetization of Messenger, WhatsApp and video advertising, along with virtual reality. After selling off strongly following last year's election—as Facebook was both a crowded, defensive long as well as a perceived relative loser from the election—the company bounced strongly in the first quarter, buoyed by another stellar earnings report where monthly active users (MAU) growth in Asia ticked up to 25%.

Alibaba's marketplaces have huge network effects and the company is fostering the ecosystem with investments in payments and logistics partnerships. Alibaba can leverage its computing architecture for Alicloud, a cloud computing offering that should turn profitable in the next two years. Alibaba was also a crowded long, as well as a perceived relative loser from the election, and was thus used by investors as a source of funds for purchases of more Trump-sensitive names in the quarter. Alibaba, like Facebook, bounced in the first quarter on the back of robust results that included accelerating revenue growth and raised fiscal 2017 guidance.

Holdings that contributed the least to performance were Omega Flex and Shutterstock. Omega Flex lagged in the quarter as it only partially reversed its rapid ascent in the fourth quarter of 2016. We continue to believe that the company's solid competitive position, in a niche market, will allow them to capitalize on a strengthening construction environment.

Shutterstock's share price had rebounded in the first half of 2016 as concerns regarding the competitive threat from Adobe's new stock photo offering abated. However, a meaningful slowdown in revenue growth the past two quarters has sent the share price lower. Profits from Shutterstock's stockphoto business will remain depressed as management seeks growth by investing capital to grow other parts of the company where Shutterstock's competitive advantage is less clear.

Outlook

We believe the stock market and business activity are off to a good start this year. Corrections in the equity market may occur at any time, but conditions for a more meaningful equity bear market do not seem to be in place. President Trump's policy agenda is becoming clearer than it was during the election. However, it is still too early to declare that we have all the details on his agenda for trade policies and foreign affairs. Our patience in not overreacting to last fall's Trump rally has been rewarded. We'll adjust our portfolios if Trump's actual initiatives become reality, rather than speculation or random proposals. From a stock selection perspective, we'll continue to focus on quality companies with protective moats that can do well in both good and bad economic times.

Purchases and Sales

New Purchases

FleetCor
 HealthEquity
 Interactive Brokers
 MuleSoft
 Nvidia
 Rockwell International
 Snap
 Teradyne
 Vantiv
 Walt Disney Company

Complete Sales

Colgate-Palmolive
 Mead Johnson Nutrition
 Monro Muffler Brake
 Shutterstock
 Snap
 TripAdvisor
 UFP Technologies
 Under Armour

Portfolio Highlights

Style: All Cap
Sub-Style: Growth
Index: Russell 3000® Growth
Portfolio Assets: \$113.0 M
Portfolio Turnover: 25%–35%

Investment Management Team

Name	Years of research experience
Douglas S. Foreman, CFA Chief Investment Officer + Portfolio Manager	31
Todd Beiley, CFA Senior Research Analyst	18
Jon Christensen, CFA Senior Research Analyst	22
Julie Kutasov Senior Research Analyst	16
Richard Sherry Senior Research Analyst	19
Craig Stone Senior Research Analyst	28
Chris Wright, CFA Senior Research Analyst	7
Chris Armbruster, CFA Research Analyst	12
Chris Benway, CFA Research Analyst	8
Julie Biel, CFA Research Analyst	9

Top Five Holdings

As of March 31, 2017

Company	Percent of equity (%)
Facebook	5.8
Monster Beverage	3.0
Alibaba Group	2.8
Amazon.com	2.7
Amphenol	2.4
Total	16.7

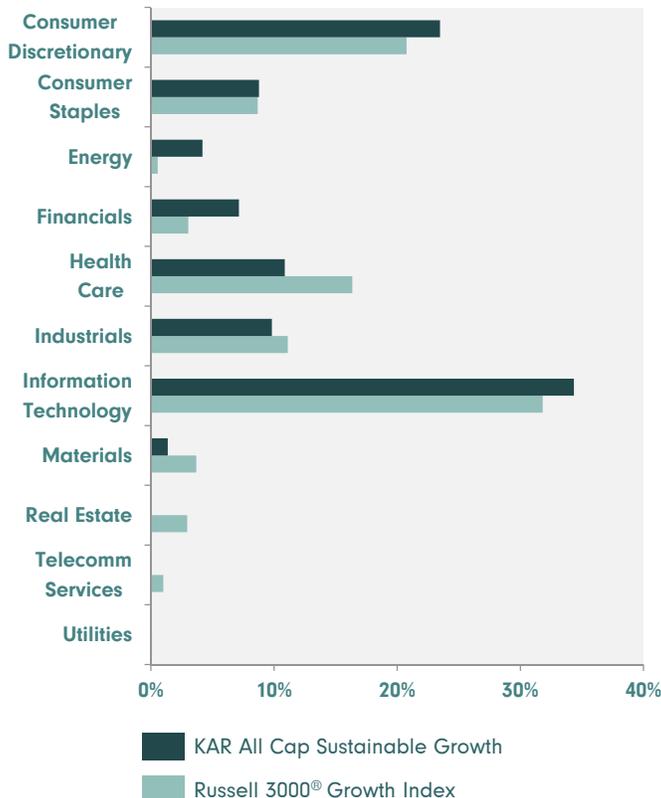
This report is based on the assumptions and analysis made and believed to be reasonable by Advisor. However, no assurance can be given that Advisor's opinions or expectations will be correct. This report is intended for informational purposes only and should be not considered a recommendation or solicitation to purchase securities. A complete listing of portfolio holdings and specific security transactions for the preceding 12 months is available upon request. Holdings are subject to change. Holdings and weightings are based on a representative portfolio. Individual Investors' holdings may differ slightly. Data is obtained by FactSet Research Systems and is assumed to be reliable. Numbers may not always add up due to rounding. Past performance is no guarantee of future results.

Investment Process: Discovering Quality

Development of High-Quality Universe	Proprietary Fundamental Research	Portfolio Construction	Sell Discipline
300 Stocks Quantitative Screens <ul style="list-style-type: none"> High return on capital over a full economic cycle Long and resilient earnings history High return on net operating assets Minimal debt Other Resources <ul style="list-style-type: none"> Research on existing portfolio holdings Meetings with companies Industry reviews Investment conferences Third-party research 	100–120 Stocks Qualitative Analysis <ul style="list-style-type: none"> Evaluate sustainability of business model and assess management's ability to direct capital where it can create further control of its market Financial Analysis <ul style="list-style-type: none"> Evaluate basis for superior profitability, long-term growth potential, and ability to allocate capital appropriately Valuation Analysis <ul style="list-style-type: none"> Determine the current and potential value of the business 	80–100 Stocks Position Weights <ul style="list-style-type: none"> Average position size is typically 2% Max initial position size is 5% (cost) Max position size is 10% (market) Sector Tolerances <ul style="list-style-type: none"> +/- 10% of the sector weights of the Russell 3000® Growth Index Holding Period <ul style="list-style-type: none"> Typically 3-to-5 years Portfolio turnover is typically 25% to 35% Cash Levels <ul style="list-style-type: none"> Fully Invested Max cash position is 10% 	Extended Valuation Portfolio Upgrade Diversification Requirements Acquisition Activity Negative Company or Industry Changes
Higher Quality Stronger, More Consistent Growth Better Value			

Sector Diversification

As of March 31, 2017



A complete listing of portfolio holdings and specific security transactions for the preceding 12 months is available upon request. Holdings are subject to change. Holdings and weightings are based on a representative portfolio. Individual Investors' holdings may differ slightly. The sector information represented above is based on GICS sector classifications. Data is obtained by FactSet Research Systems and is assumed to be reliable.

Portfolio Characteristics

As of March 31, 2017

	KAR All Cap Sustainable Growth	Russell 3000® Growth Index
Quality		
Return on Equity—Past 5 Years	21.2%	21.5%
Total Debt/EBITDA	2.2 x	2.4 x
Earnings Variance—Past 10 Years	41.1%	42.0%
Growth		
Earnings Per Share Growth—Past 5 Years	10.4%	11.3%
Earnings Per Share Growth—Past 10 Years	12.7%	12.4%
Capital Generation—{ROE x (1-Payout)}	16.9%	14.8%
Value		
P/E Ratio—Trailing 12 Months	38.9 x	26.0 x
P/E-to-10-Year Growth	3.0 x	2.1 x
Free Cash Flow Yield*	3.3%	4.8%
Market Characteristics		
\$ Weighted Average Market Cap	\$88.8 B	\$166.0 B
Largest Market Cap	\$574.9 B	\$786.9 B

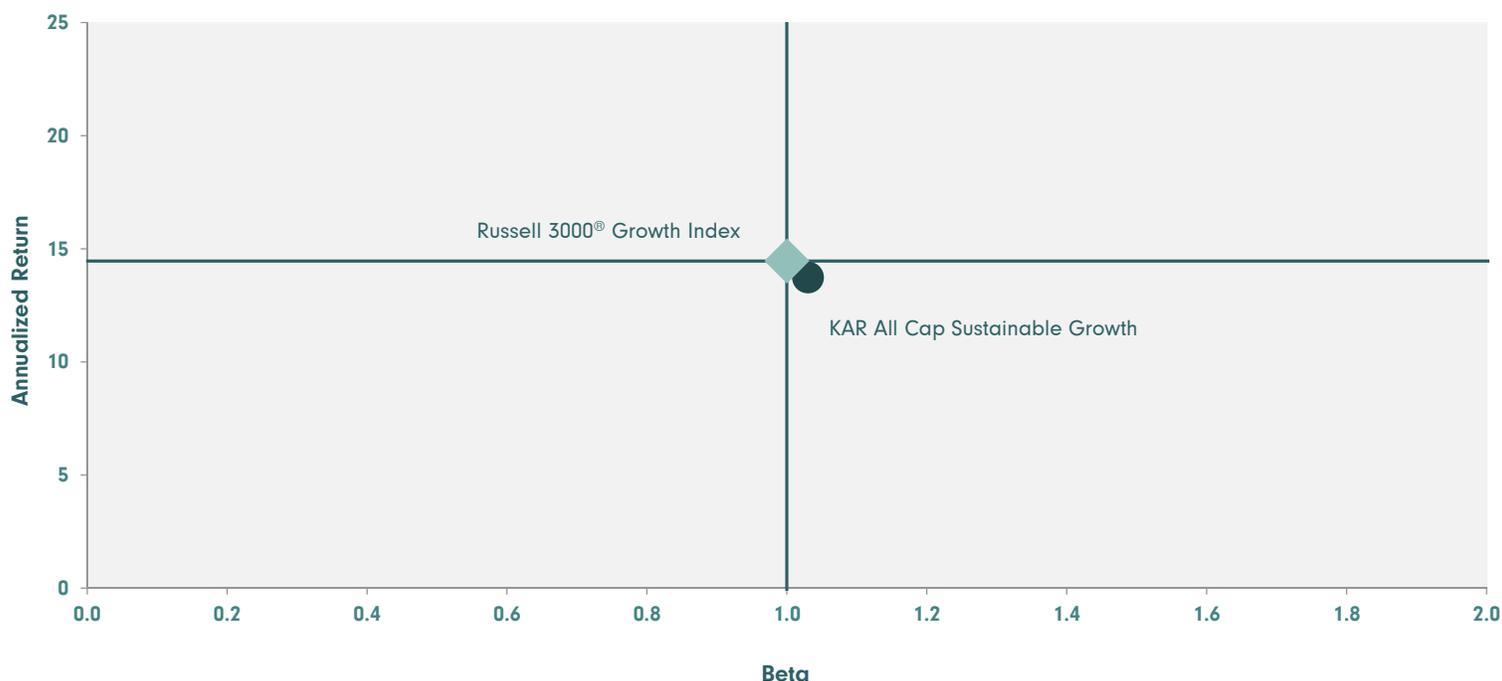
*Free cash flow data is as of December 31, 2016. Prices are as of March 31, 2017. Excludes financials. Data is obtained from FactSet Research Systems and BNY Mellon and is assumed to be reliable. Other principal consultant firms may use different algorithms to calculate selected statistics. Estimates are based on certain assumptions and historical information. Past performance is no guarantee of future results.

All Cap Sustainable Growth Portfolio

First Quarter 2017

Risk-Return Analysis

Inception* to March 31, 2017



Historical Returns

	KAR All Cap Sustainable Growth (gross)	KAR All Cap Sustainable Growth (net) [‡]	Russell 3000 [®] Growth Index
Annualized Returns (%)[†]			
As of March 31, 2017			
1 st Quarter	9.51	9.32	8.63
One Year	16.10	15.30	16.27
Three Years	11.59	10.82	10.90
Five Years	12.32	11.54	13.22
Inception*	13.73	12.94	14.46
Annual Returns (%)			
2016	5.88	5.15	7.39
2015	7.41	6.67	5.09
2014	9.48	8.70	12.44
2013	32.17	31.27	34.23
2012 [§]	7.87	7.17	8.59

Performance Statistics

Inception* to March 31, 2017

	KAR All Cap Sustainable Growth	Russell 3000 [®] Growth Index
Annualized Return	13.73	14.46
Annualized Standard Deviation	11.76	10.76
Beta	1.03	1.00
Sharpe Ratio	1.17	1.34
R-Squared	89.18	100.00

*February 1, 2012

[†]All periods less than one year are total returns and are not annualized. Returns are preliminary.

[‡]Net of all fees and expenses. Assumes a 0.70% annual fee.

[§]Performance calculations are for eleven months ended December 31, 2012.

This material is deemed supplemental and complements the performance and disclosure at the end of this presentation. Returns of the Kayne Anderson Rudnick composite are preliminary and gross of fees unless otherwise specified. For further details on the composite, please see the disclosure statement in this presentation. Data is obtained from FactSet Research Systems and is assumed to be reliable. Past performance is no guarantee of future results.

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Disclosure

Kayne Anderson Rudnick Investment Management, LLC claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS® standards. Kayne Anderson Rudnick Investment Management, LLC has been independently verified for the period from January 1, 1999 through December 31, 2014. The verification reports are available upon request.

Verification assesses whether (1) the firm has complied with all the composite construction requirements of the GIPS® standards on a firm-wide basis and (2) the firm's policies and procedures are designed to calculate and present performance in compliance with the GIPS® standards. Verification does not ensure the accuracy of any specific composite presentation.

Kayne Anderson Rudnick Investment Management, LLC, a wholly owned subsidiary of Virtus Investment Partners, Ltd., is a registered investment advisor under the Investment Advisers Act of 1940. Registration of an Investment Advisor does not imply any level of skill or training. Kayne Anderson Rudnick Investment Management, LLC manages a variety of equity and fixed-income strategies focusing exclusively on securities the firm defines as high quality.

The composite includes as all fully discretionary institutional and pooled All Cap Sustainable Growth Portfolios. All Cap Sustainable Growth Portfolios are invested in equity securities with

market capitalizations consistent with the Russell 3000® Growth Index, that have market control, rising free cash flow, shareholder-oriented management, strong consistent profit growth, and low-debt balance sheets. For comparison purposes, the composite is measured against the Russell 3000® Growth Index. The Russell 3000® Growth Index is a market capitalization-weighted index of growth-oriented stocks of the 3,000 largest companies in the Russell Universe, which comprises the 3,000 largest U.S. companies. The index is calculated on a total-return basis with dividends reinvested. Benchmark returns are not covered by the report of the independent verifiers. The composite was created in February 2012. A list of composite descriptions and policies for valuing portfolios, calculating performance, and preparing compliant presentations are available upon request.

The standard management fee schedule currently in effect is as follows: 0.70% for the first \$10 million; 0.55% on the next \$25 million; 0.45% on the next \$50 million; 0.35% on the balance. Actual management fees charged may vary depending on applicable fee schedules and portfolio size, among other things. Additional information may be found in Part 2A of Form ADV, which is available on request. The performance information is supplied for reference. Past performance is no guarantee of future results. Results will vary among accounts. The U.S. dollar is the currency used to express performance. Returns are presented gross of management fees and withholding taxes, and net of transaction fees and include the reinvestment

of all income. Gross returns will be reduced by investment management fees and other expenses that may be incurred in the management of the account. Model net returns have been calculated by deducting 1/4th of the highest tier of the standard management fee schedule in effect for the respective period from the gross composite returns on a quarterly basis.

Internal dispersion is calculated using the asset-weighted standard deviation of annual gross returns for accounts in the composite for the entire year. For those years when less than five accounts were included for the full year or for time periods less than one year, no dispersion measure is presented. The three-year annualized ex-post standard deviation of the composite is not presented because this composite inceptioned on February 1, 2012; 36 monthly returns are not available.

3-Yr Annualized Standard Deviation (%)

December 31	Composite	Benchmark
2015	12.34	10.95

Year	Total Firm Assets (\$ millions)	Total Composite Assets (\$ millions)	Accounts at Year End	Gross Annual Return (%)	Net Annual Return (%)	Russell 3000® Growth Index Annual Return (%)	Internal Dispersion
2012*	6,545	67	12	7.87	7.17	8.59	N/A
2013	7,841	65	10	32.17	31.27	34.23	0.37
2014	7,989	89	10	9.48	8.70	12.44	0.37
2015	8,095	92	9	7.41	6.67	5.09	N/A

*2012 performance numbers in this table reflect the product inception date of February 1, 2012 through December 31, 2012.

The Russell 3000® Growth Index is a trademark/service mark of Frank Russell Company. Russell® is a trademark of Frank Russell Company.