

Global Dividend Yield Portfolio

First Quarter 2017

Portfolio Review

The Global Dividend Yield portfolio underperformed the Russell Global Large Cap Developed Index during the quarter. From a sector perspective, performance was helped by strong stock selection in the consumer staples and health care sectors. Performance was hurt by poor stock selection in the financials sector, and an underweight to the information technology sector.

Positions that contributed most positively to performance during the quarter were Reynolds American and AstraZeneca. During the quarter, Reynolds American accepted an offer from British American Tobacco to acquire the remaining 58% of the company that it did not already own. The offer represented a 26% premium to Reynolds American's stock prior to the offer last year. AstraZeneca's stock was buoyed by several positive pieces of news during the quarter. The company's results met most expectations and an outlook was provided that was better than some had expected. Also, results from some recent drug trials have been better than anticipated.

Holdings that contributed the least to performance during the quarter were Vermilion Energy and Bank of Hawaii. Weakness in the price of oil in the first quarter contributed to weakness in Vermilion Energy's stock. Bank of Hawaii performed very well in the second half of last year due to an anticipated increase in interest rates, and an economic and regulatory environment that will be favorable to banks under a Trump presidency. Those factors were less pronounced in the first quarter and contributed to weakness in the stock.

Purchases and Sales

During the quarter, we purchased Crown Castle and HSBC, and sold our positions in Federated Investors and Garmin.

Crown Castle owns, operates and leases multi-tenant wireless infrastructure, notably cell-phone towers. The company's core business provides access to its wireless infrastructure via long-term contracts, and its infrastructure is usually shared by more than one tenant. Long-term contracts and limited competition produce a relatively steady and consistent cash flow stream that is returned to shareholders via dividends.

Headquartered in London, HSBC is a global, commercial bank with a strong presence and heritage in Asia. HSBC historically has been one of the most conservatively managed and better-capitalized global banks. The company's wide global network provides a competitive advantage against most other global banks, as well as against local banks. The company has one of the strongest-rated balance sheets (single A rating) in the banking industry and management is very committed to maintaining the current dividend.

Despite the overhang related to low interest rates, Federated Investors' money market fund business has held up relatively well over the past several years. This has been complemented by better-than-expected performance from some of its equity products. However, the benefit of reducing/eliminating money market fee waivers has almost run its course and the business is anticipated to grow only modestly over the next couple of years. Given the headwinds that the company is expected to face over the next couple of years, in addition to a flat dividend, and a yield of 3.7%, we sold our shares.

Garmin's results over the past few years have been negatively impacted by increased competition and a continued decline in the company's auto business. Results for 2017 are expected to be flat-to-down slightly, and the dividend is expected to remain at the same level for the second year in a row. Therefore, we sold our shares.

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.

Portfolio Highlights

Style: Large Cap
Index: Russell Global Large Cap Developed
Portfolio Turnover: 25%–35%
Number of Holdings: 25–40

Investment Management Team

Name	Years of research experience
Douglas S. Foreman, CFA Chief Investment Officer	31
Richard Sherry, CFA Portfolio Manager + Senior Research Analyst	19
Chris Armbruster, CFA Research Analyst	12
Kevin Ikeda Research Analyst	6

Top 10 Holdings

As of March 31, 2017

Company	Percent of equity (%)
Altria Group	4.8
Reynolds American	4.7
Scor	4.3
Royal Dutch Shell	4.1
PPL	3.9
AT&T	3.8
Vodafone Group	3.8
National Grid	3.8
Zurich Insurance Group	3.7
Las Vegas Sands	3.7
Total	40.5

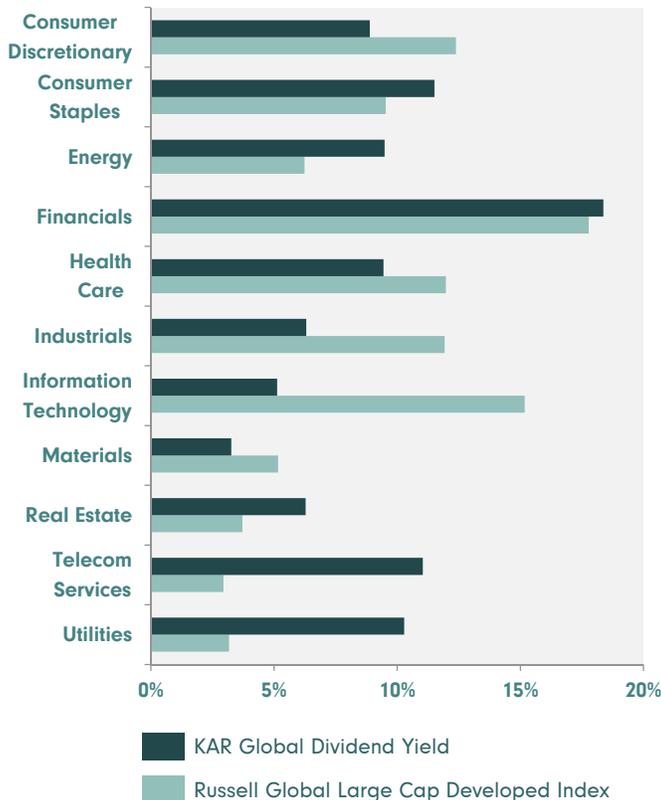
This report is based on the assumptions and analysis made and believed to be reasonable by Advisor. However, no assurance can be given that Advisor's opinions or expectations will be correct. This report is intended for informational purposes only and should be not considered a recommendation or solicitation 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
<p>KAR Universe</p> <p>Typical Quantitative Screens</p> <ul style="list-style-type: none"> Investment-grade balance sheet Market cap > \$1.0 billion 5-year average ROE > 7.5% No dividend cut last five years <p>Other Resources</p> <ul style="list-style-type: none"> Research on existing portfolio holdings Meetings with companies Industry reviews Investment conferences Third-party research 	<p>Qualitative Analysis</p> <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 <p>Financial Analysis</p> <ul style="list-style-type: none"> Evaluate basis for superior profitability, long-term growth potential, and ability to allocate capital appropriately <p>Valuation Analysis</p> <ul style="list-style-type: none"> Determine the current and potential value of the business 	<p>25-40 Stocks</p> <p>Position Weights</p> <ul style="list-style-type: none"> Average position size is typically 3% Max initial position size is 5% (cost) Max position size is 10% (market) <p>Sector Tolerances</p> <ul style="list-style-type: none"> +/- 15% of the sector weights of the Russell Global Large Cap Developed Index <p>Holding Period</p> <ul style="list-style-type: none"> Typically 3-to-5 years Portfolio turnover is typically 25% to 35% <p>Cash Levels</p> <ul style="list-style-type: none"> Fully Invested Max cash position is 10% 	<p>Potential dividend cut</p> <p>Balance sheet deterioration</p> <p>Inability to cover dividend via internal cash generation over medium-to-long term</p>
<p>Higher Quality Stronger, More Consistent Growth Better Value</p>			

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 Global Dividend Yield	Russell Global Large Cap Developed Index
Quality		
Return on Equity—Past 5 Years	18.1%	15.4%
Total Debt/EBITDA	5.1 x	5.1 x
Earnings Variance—Past 10 Years	40.0%	42.3%
Growth		
Dividend Per Share Growth—Past 10 Years	5.1%	7.6%
Dividend Payout Ratio—5 Year Average	71.8%	42.5%
Dividend Yield	4.0%	2.4%
Value		
P/E Ratio—Trailing 12 Months	17.3 x	22.9 x
Market Characteristics		
\$ Weighted Average Market Cap	\$71.6 B	\$111.4 B
Largest Market Cap	\$255.8 B	\$786.9 B

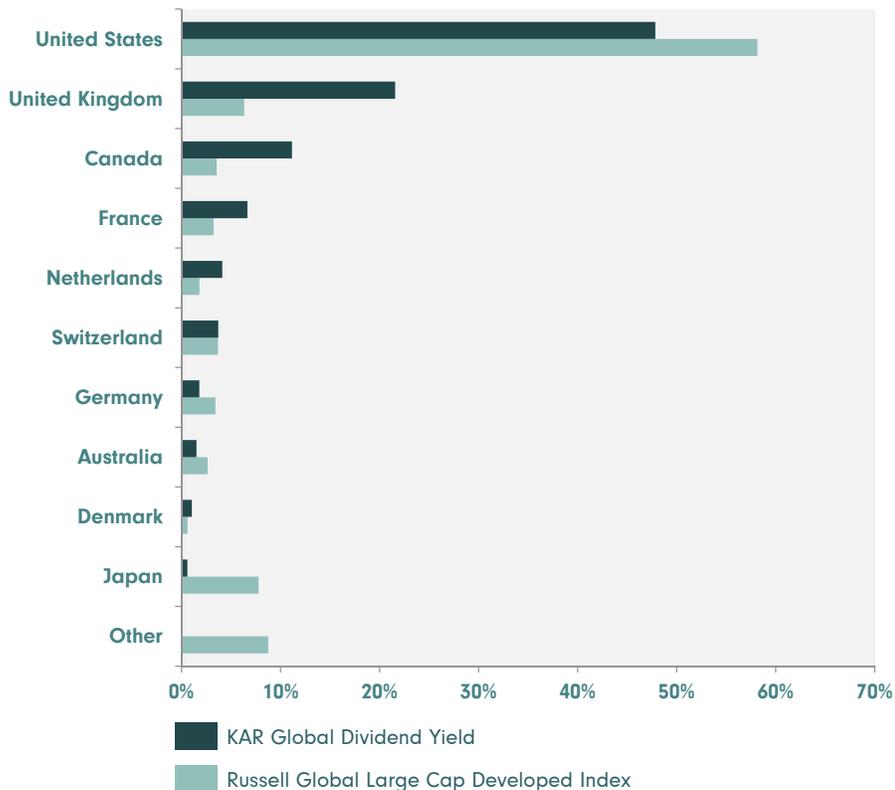
Data is obtained from FactSet Research Systems and BNY Mellon and is assumed to be reliable. Other principal consultant firms may use different algorithms to calculate selected statistics. Estimates are based on certain assumptions and historical information. Past performance is no guarantee of future results.

Global Dividend Yield Portfolio

First Quarter 2017

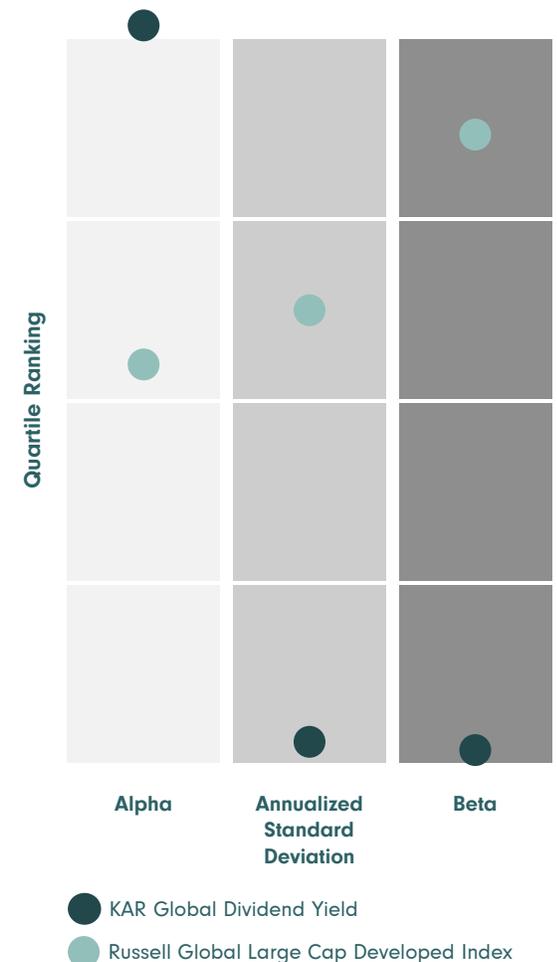
Geographical Exposure

As of March 31, 2017



Peer Comparison Chart

Inception* to March 31, 2017



Historical Returns

	KAR Global Dividend Yield (gross)	KAR Global Dividend Yield (net) [†]	Blended Index [§]	Russell Global Large Cap Developed Index
Annualized Returns (%)[†]				
As of March 31, 2017				
1 st Quarter	5.83	5.65	4.10	6.33
One Year	10.90	10.13	8.85	14.71
Three Years	7.52	6.78	4.53	5.53
Five Years	10.72	9.96	6.80	9.59
Inception*	11.49	10.73	7.86	11.45
Annual Returns (%)				
2016	12.22	11.45	5.82	7.70
2015	(3.51)	(4.16)	(0.07)	(0.87)
2014	12.36	11.58	5.56	5.16
2013	22.35	21.53	14.84	27.38
2012	12.36	11.58	11.48	16.16

*January 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.

[§]Blended Index consists of 60% Russell Global Large Cap Developed Index and 40% Barclays U.S. Aggregate Bond Index.

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. The Global Dividend Yield Universe includes all managers categorized in the global dividend asset class by eVestment. Data is obtained from FactSet Research Systems and is assumed to be reliable. Past performance is no guarantee of future results.

Performance Statistics

Inception* to March 31, 2017

	KAR Global Dividend Yield	Blended Index [§]	Russell Global Large Cap Developed Index
Annualized Return	11.49	7.86	11.45
Annualized Standard Deviation	8.95	6.66	11.00
Alpha	3.86	0.92	0.00
Beta	0.65	0.60	1.00
Sharpe Ratio	1.28	1.17	1.04
R-Squared	64.28	97.08	100.00

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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.

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. The Global Dividend Yield Composite has been examined for the period from January 1, 2014 through December 31, 2014. The verification and performance examination reports are available upon request.

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 all fully discretionary institutional and pooled Global Dividend Yield Portfolios. Global Dividend Yield Portfolios are

invested in globally diversified securities of high-quality, mature companies with high dividend yields with market capitalizations consistent with the Russell Developed Large Cap Index. For comparison purposes, the composite is measured against the Russell Developed Large Cap Index. The Russell Developed Large Cap Index is constructed to provide a comprehensive and unbiased barometer for the large-cap segment in the developed world and is completely reconstituted annually to accurately reflect the changes in the market over time. Benchmark returns are not covered by the report of the independent verifiers. The composite was created in January 2012. A list of composite descriptions and policies for valuing portfolios, calculating performance, and preparing compliant presentations are available upon request. This composite contained 100% non-fee-paying portfolios as of December 31, 2012, 60% non-fee-paying portfolios as of December 31, 2013, and 4% non-fee-paying portfolios as of December 31, 2014.

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 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, no dispersion measure is presented. The three-year annualized ex-post standard deviation, which measures the variability of the composite (using gross returns) and the benchmark for the 36-month period, is not presented for periods prior to 2014 because 36 monthly composite returns are not available.

3-Yr Annualized Standard Deviation (%)

December 31	Composite	Benchmark
2014	8.95	10.43
2015	10.15	10.94

Year	Total Firm Assets (\$ millions)	Total Composite Assets (\$ millions)	Accounts at Year End	Gross Annual Return (%)	Net Annual Return (%)	Russell Global Large Cap Developed Index Annual Return (%)	Internal Dispersion
2012	6,545	0.28	< 5	12.36	11.58	16.16	N/A
2013	7,841	1.80	5	22.35	21.53	27.38	N/A
2014	7,989	14.00	24	12.36	11.58	5.16	0.29
2015	8,095	33.00	44	(3.51)	(4.16)	(0.87)	0.82