

Global Dividend Yield Portfolio

Fourth Quarter 2016

Portfolio Review

The Global Dividend Yield Portfolio underperformed the Russell Global Large Cap Developed Index during the quarter. Higher risk (as measured by beta) and lower-quality stocks (as measured by S&P Quality Rankings) outperformed their lower risk and higher quality counterparts and this created a headwind for the strategy. From a sector perspective, performance was helped by strong stock selection in the consumer staples sector, and strong stock selection and an underweight in the information technology sector. Performance was hurt by poor stock selection and an overweight to the telecommunications services, and utilities sectors. Poor stock selection in the financials sector also negatively contributed to the performance.

Positions that contributed most positively to performance during the quarter were Reynolds American and Bank of Hawaii. Shares of Reynolds American underperformed in the third quarter as the company missed earnings estimates. However, in the fourth quarter, Reynolds American received an offer from British American Tobacco to acquire the remaining 58% of the company that it did not already own. The offer represented a 20% premium.

Bank of Hawaii has generated return-on-equity well above most mainland U.S. banks. Its fourth quarter results were slightly better-than-expectations. However, the shares had been under some pressure, as the prospect for additional rate hikes by the U.S. Federal Reserve had diminished. With the Trump administration expected to drastically reduce federal regulation, and the pace of Fed rate increases to accelerate, those concerns have been pushed aside.

Holdings that contributed the least to performance during the quarter were National Grid and Vodafone Group. Higher interest rates in the fourth quarter had a negative impact on interest rate-sensitive stocks, such as utilities, and including National Grid. National Grid was also negatively impacted by its exposure to the U.K. and the weak British pound in the second half of the year.

Despite strong performance in the company's core European business, Vodafone's stock has been negatively impacted by increased competition in India. We believe that the disruption in India will stabilize and that the improvements seen in Europe will continue.

Outlook

As we peer into 2017, we believe there is more than a usual amount of economic uncertainty. President-elect Trump has no public office track record for us to assess and judge how effective he will be in getting changes accomplished. It does seem highly likely that some form of corporate and personal tax reform, partial ACA repeal, increased infrastructure spending and less regulatory burden for many businesses will occur over the next two years. However, the timing of these changes are unclear. If these events were to occur, we believe the economy should accelerate and grow in the 2.5% to 3.5% range for the next couple of years. We also believe that the S&P 500 earnings-per-share growth should pick up from the low single-digit range to the mid-to-high single-digit growth range as economic growth increases over the next year.

Purchases and Sales

New Purchases

Cisco Systems
 Fastenal
 RPM International
 Sonic Healthcare
 Zurich Insurance Group

Complete Sales

General Mills
 Philip Morris International
 Roche
 Telstra

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	30
Richard Sherry, CFA Portfolio Manager + Senior Research Analyst	17
Chris Armbruster, CFA Research Analyst	11
Kevin Ikeda Research Analyst	5

Top 10 Holdings

As of December 31, 2016

Company	Percent of equity (%)
Altria Group	4.8
Reynolds American	4.5
Realty Income	4.3
AT&T	4.2
Scor	4.2
Zurich Insurance Group	4.1
PPL	3.8
Vodafone Group	3.7
National Grid	3.7
Las Vegas Sands	3.7
Total	40.9

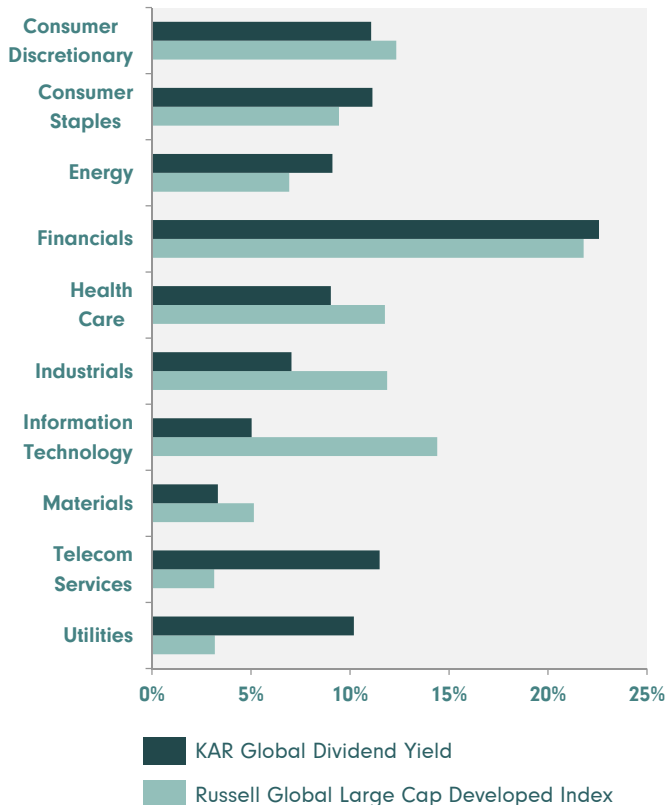
This report is based on the assumptions and analysis made and believed to be reasonable by Advisor. However, no assurance can be given that Advisor's opinions or expectations will be correct. This report is intended for informational purposes only and should be not considered a recommendation or solicitation 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. Past performance is no guarantee of future results.

Investment Process: Discovering Quality

Development of High-Quality Universe	Proprietary Fundamental Research	Portfolio Construction	Sell Discipline
KAR Universe Typical Quantitative Screens <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 Other Resources <ul style="list-style-type: none"> Research on existing portfolio holdings Meetings with companies Industry reviews Investment conferences Third-party research 	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 	25-40 Stocks Position Weights <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) Sector Tolerances <ul style="list-style-type: none"> +/- 15% of the sector weights of the Russell Global Large Cap Developed 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% 	Potential dividend cut Balance sheet deterioration Inability to cover dividend via internal cash generation over medium-to-long term
Higher Quality Stronger, More Consistent Growth Better Value			

Sector Diversification

As of December 31, 2016



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 December 31, 2016

	KAR Global Dividend Yield	Russell Global Large Cap Developed Index
Quality		
Return on Equity—Past 5 Years	18.6%	15.8%
Total Debt/EBITDA	3.0 x	7.7 x
Earnings Variance—Past 10 Years	36.2%	44.9%
Growth		
Dividend Per Share Growth—Past 5 Years	5.7%	7.5%
Dividend Per Share Growth—Past 10 Years	73.2%	41.7%
Dividend Yield	4.1%	2.4%
Value		
P/E Ratio—Trailing 12 Months	18.3 x	23.3 x
Market Characteristics		
\$ Weighted Average Market Cap	\$61.0 B	\$102.0 B
Largest Market Cap	\$261.8 B	\$634.4 B

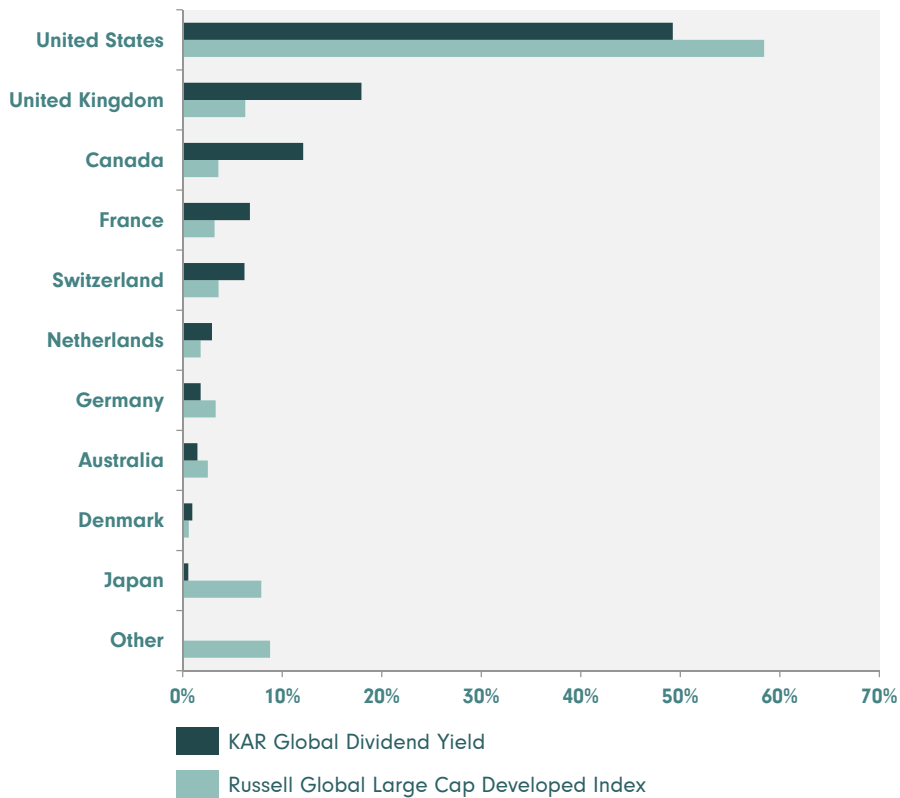
*Free cash flow data is as of September 30, 2016. Prices are as of December 31, 2016. Excludes financials. Data is obtained from FactSet Research Systems and BNY Mellon and is assumed to be reliable. Other principal consultant firms may use different algorithms to calculate selected statistics. Estimates are based on certain assumptions and historical information. Past performance is no guarantee of future results.

Global Dividend Yield Portfolio

Fourth Quarter 2016

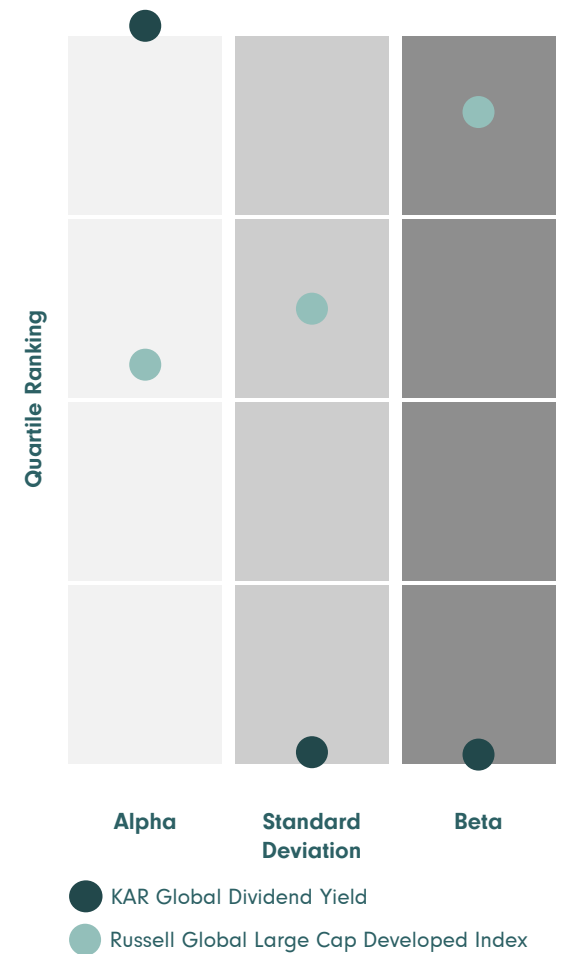
Geographical Exposure

As of December 31, 2016



Peer Comparison Chart

Inception* to December 31, 2016



Historical Returns

	KAR Global Dividend Yield (gross)	KAR Global Dividend Yield (net) [†]	Blended Index [§]	Russell Global Large Cap Developed Index
Annualized Returns (%)[†]				
As of December 31, 2016				
4 th Quarter	0.04	(0.13)	(0.03)	1.94
One Year	12.21	11.44	5.82	7.70
Two Years	4.05	3.34	2.83	3.32
Three Years	6.75	6.02	3.74	3.93
Four Years	10.46	9.70	6.41	9.36
Inception*	10.83	10.07	7.40	10.68
Annual Returns (%)				
2016	12.21	11.44	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 December 31, 2016

	KAR Global Dividend Yield	Blended Index [§]	Russell Global Large Cap Developed Index
Annualized Return	10.83	7.40	10.68
Annualized Standard Deviation	9.13	6.79	11.23
Alpha	3.72	0.91	0.00
Beta	0.65	0.60	1.00
Sharpe Ratio	1.19	1.09	0.95
R-Squared	64.28	97.07	100.00

Global Dividend Yield Portfolio

Fourth Quarter 2016

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