

Large Cap Quality Value Portfolio

Fourth Quarter 2017

Portfolio Review

The Large Cap Quality Value portfolio outperformed the Russell 1000 Value Index during the fourth quarter. Positive stock selection in the industrials and consumer staples sectors helped boost performance. Poor stock selection in financials and information technology detracted from performance.

Names that contributed the most to performance in the quarter were Charles Schwab and Lowe's.

Charles Schwab benefited as higher interest rates contributed to generally strong performance of financial stocks that are sensitive to interest rates.

Lowe's shares got a boost as the macro dynamics and the competitive environment for the home improvement sector were quite favorable during the quarter.

Holdings that detracted the most from performance in the quarter were Royal Philips and Marsh & McLennan.

Royal Philips shares declined during the quarter after posting very strong performance in the second and third quarters related to solid operational results and increased guidance.

Despite strong results, Marsh & McLennan was negatively impacted by a rotation into interest rate-sensitive financial stocks during the quarter.

Purchases and Sales

We purchased Cabot Oil & Gas, and there were no complete sales in the quarter.

Cabot Oil & Gas is a natural gas-focused E&P company whose main operations are located in the Marcellus shale. The company has one of the most prolific natural gas positions in the United States. However, production and cash flow have historically been limited by pipeline capacity and Cabot's inability to get its production to market. A pipeline is currently under construction and could lead to a potential doubling of the company's production in 2018. This would also require minimal investment by the company, which could lead to very strong free-cash-flow growth in 2018 and beyond. Cabot is also a low-cost operator with a strong balance sheet and has a long history of returning capital to shareholders via dividends and share buybacks.

Outlook

The outlook for 2018 is favorable overall, but to expect another 2017 would be unreasonable. More volatility and drawdowns are anticipated in 2018 as markets return to more normal conditions. 2018 should continue to provide investors with mid-to-high single-digit equity returns but most likely not without a bumpy ride along the way. Investors should review their asset allocation and make sure they can "sleep at night" with their current equity exposure. We will continue to own high-quality businesses that can shine in good and bad times and have competitive protections.

Portfolio Highlights

Style: Large Cap
Sub-Style: Value
Index: Russell 1000® Value
Portfolio Inception: 1994
Portfolio Assets: \$502.2 M
Portfolio Turnover: 25%–35%

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

Top Five Holdings

As of December 31, 2017

Company	Percent of equity (%)
PNC Financial Services	5.6
U.S. Bancorp	4.7
Charles Schwab	4.1
Travelers	3.9
Lowe's Companies	3.8
Total	22.1

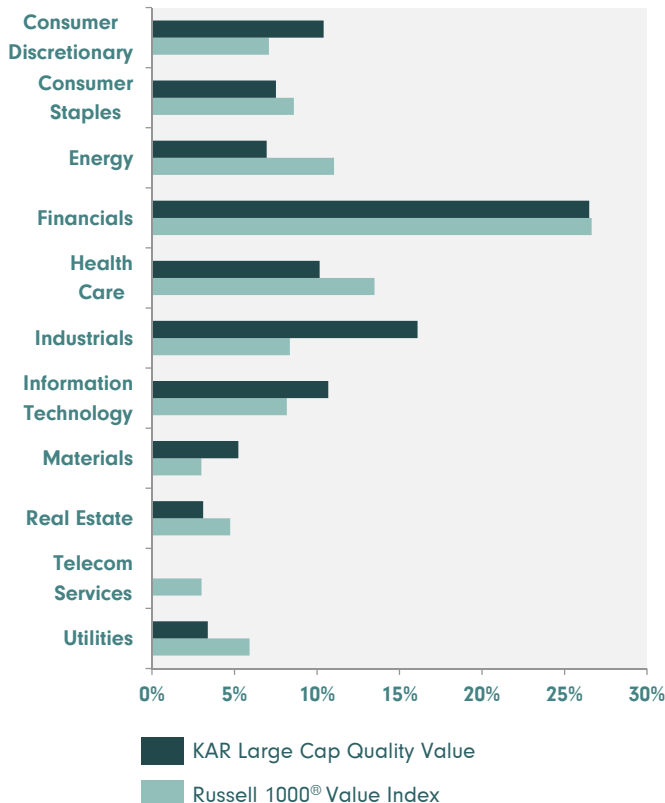
This report is based on the assumptions and analysis made and believed to be reasonable by Advisor. However, no assurance can be given that Advisor's opinions or expectations will be correct. This report is intended for informational purposes only and should be not considered a recommendation or solicitation 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
200 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 	50-60 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 	25-35 Stocks Position Weights <ul style="list-style-type: none"> Typically 1%-5% Maximum position size is 10% (at market) Sector Tolerances <ul style="list-style-type: none"> Typically +/- 10% of the Russell 1000® Value Index, utilizing GICS sector classifications Holding Period <ul style="list-style-type: none"> Typically 3-to-5 years, but is often longer Portfolio turnover is typically 25% to 35% Cash Levels <ul style="list-style-type: none"> Typically will not exceed 10% once a portfolio is fully invested 	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 December 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 December 31, 2017

	KAR Large Cap Quality Value	Russell 1000® Value Index
Quality		
Return on Equity—Past 5 Years	20.8%	12.1%
Total Debt/EBITDA	2.9 x	4.5 x
Earnings Variance—Past 10 Years	30.3%	47.1%
Growth		
Earnings Per Share Growth—Past 5 Years	7.4%	5.0%
Earnings Per Share Growth—Past 10 Years	8.7%	4.3%
Dividend Per Share Growth—Past 5 Years	12.3%	9.9%
Dividend Per Share Growth—Past 10 Years	11.1%	6.8%
Capital Generation—{ROE x (1-Payout)}	10.9%	6.9%
Value		
P/E Ratio—Trailing 12 Months	25.4 x	22.2 x
Dividend Yield	2.0%	2.3%
Free Cash Flow Yield†	4.0%	3.9%
Market Characteristics		
\$ Weighted Average Market Cap—3-Year Avg.	\$72.1 B	\$113.5 B
Beta*	0.9	1.0
Annualized Standard Deviation—Tenure Period*	13.5%	15.1%

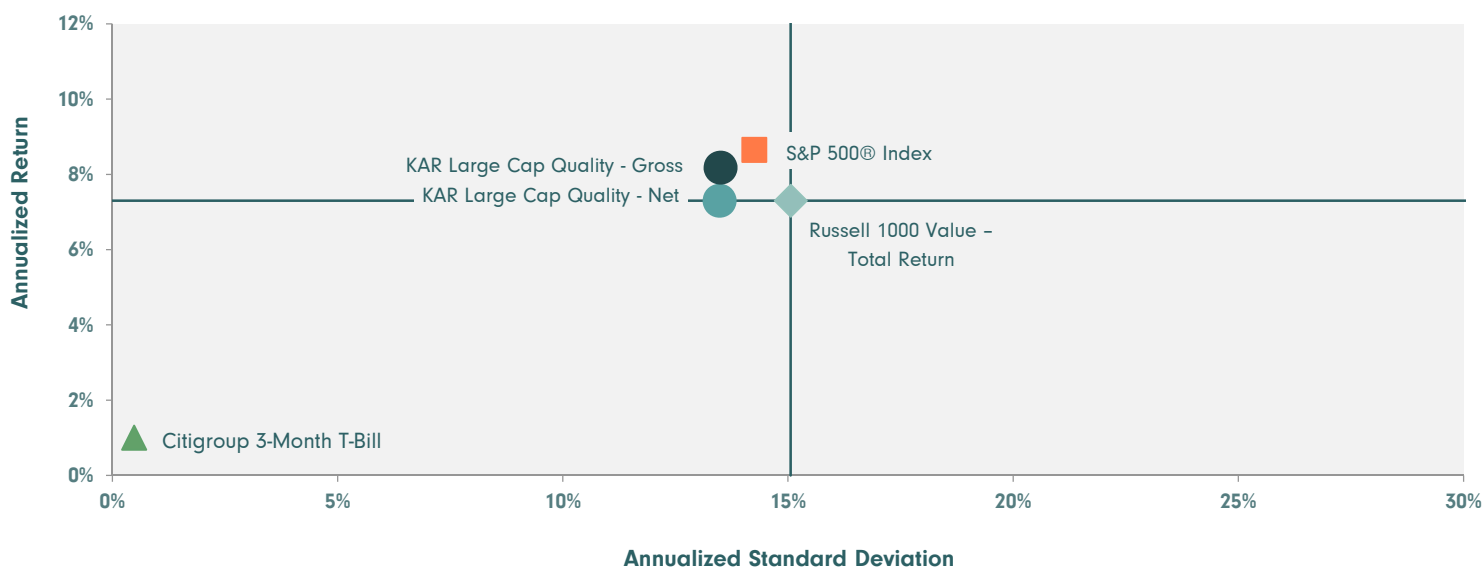
*Period from April 1, 2006 to December 31, 2017. This period delineates the period that Richard Sherry, CFA has managed the portfolio as the sole portfolio manager.
†Free cash flow data is as of September 30, 2017. Prices are as of December 31, 2017. Excludes financials.
This material is deemed supplemental and complements the performance and disclosure at the end of this presentation. 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.

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Risk-Return Analysis

Tenure Period*



Historical Returns

	KAR Large Cap Quality Value (gross)	KAR Large Cap Quality Value (net) [‡]	Russell 1000® Value Index
Annualized Returns (%)[†]			
As of December 31, 2017			
4 th Quarter	7.89	7.71	5.33
One Year	18.54	17.72	13.66
Three Years	8.34	7.59	8.65
Five Years	13.48	12.70	14.04
Seven Years	11.73	10.96	12.46
Ten Years	8.07	7.23	7.10
Inception*	8.18	7.30	7.30
Annual Returns (%)			
2017	18.54	17.72	13.66
2016	10.70	9.93	17.34
2015	(3.09)	(3.76)	(3.83)
2014	13.88	13.07	13.45
2013	29.95	29.07	32.53
2012	13.63	12.85	17.51
2011	1.65	0.96	0.39
2010	14.30	13.19	15.51
2009	26.02	24.79	19.69
2008	(30.58)	(31.31)	(36.85)
2007	1.45	0.44	(0.17)
2006 [§]	14.21	13.37	15.40

Performance Statistics

Tenure Period*

	KAR Large Cap Quality Value	Russell 1000® Value Index
Annualized Return	8.18	7.30
Annualized Standard Deviation	13.50	15.06
Alpha	1.55	0.00
Beta	0.87	1.00
Sharpe Ratio	0.53	0.42
Downside Capture	91.92	100.00
R-Squared	93.80	100.00

*Period from April 1, 2006 to December 31, 2017. This period delineates the period that Richard Sherry, CFA has managed the portfolio as the sole portfolio manager.

[†]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 the nine months ended December 31, 2006.

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, 2016.

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 Large Cap Quality Value Composite has been examined for the period from January 1, 1999 through December 31, 2016. The verification and performance examination reports are available upon request.

Kayne Anderson Rudnick Investment Management, LLC, a wholly owned subsidiary of Virtus Investment Partners, Inc., 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 Large Cap Quality Value Portfolios. Large Cap Quality Value Portfolios are invested in equity securities with market capitalizations consistent with the Russell 1000® Value Index, that have rising free cash flow, rising dividends and or stock repurchases, strong balance sheets and a high relative yield. For comparison purposes, the composite is measured against the

Russell 1000® Value Index. The Russell 1000® Value Index is a market capitalization-weighted index of value-oriented stocks of the 1,000 largest companies in the Russell Universe, which comprises of 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 October 1994. Previously, only institutional accounts were included. A list of composite descriptions and policies for valuing portfolios, calculating performance and preparing compliant presentations are available upon request.

Prior to January 1, 2011, the composite minimum was \$250,000. Prior to July 1, 2004, the composite represented all non-taxable, fully discretionary Large Cap Quality Value Portfolios (including cash) under management for at least one full quarter. Prior to June 30, 2004, only eligible portfolios of at least \$500,000 are included in the composite. Prior to January 1, 2011, accounts that experienced a significant cash flow, as defined as aggregate flows that exceeded 25% of the account's beginning of period market value, were temporarily removed from the composite. As of January 1, 2011, the composite was redefined to include both institutional and mutual fund [or pooled] accounts. This composite contained 26% non-fee-paying portfolios as of December 31, 2004, 15% non-fee-paying portfolios as of December 31, 2006, < 1% non-fee-paying portfolios as of December 31, 2013, December 31, 2014, December 31, 2015 and December 31, 2016.

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 1/12th of the highest tier of the standard management fee schedule in effect for the respective period from the gross composite returns on a monthly 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 measures the variability of the composite (using gross returns) and the benchmark for the 36-month period ended at the following dates:

3-Yr Annualized Standard Deviation (%)		
December 31	Composite	Benchmark
2011	18.19	20.98
2012	14.75	15.73
2013	12.04	12.88
2014	8.95	9.33
2015	11.08	10.83
2016	11.43	10.93

Year	Total Firm Assets (\$ millions)	Total Composite Assets (\$ millions)	Accounts at Year End	Gross Annual Return (%)	Net Annual Return (%)	Russell 1000® Value Index Annual Return (%)	Internal Dispersion
2007	5,392	31	18	1.45	0.44	(0.17)	0.07
2008	3,445	7	14	(30.58)	(31.31)	(36.85)	0.34
2009	4,010	11	14	26.02	24.79	19.69	0.20
2010	4,729	6	12	14.30	13.19	15.51	0.29
2011	5,232	63	24	1.65	0.96	0.39	0.21
2012	6,545	177	66	13.63	12.85	17.51	0.50
2013	7,841	183	61	29.95	29.07	32.53	0.34
2014	7,989	218	69	13.88	13.07	13.45	0.28
2015	8,095	197	65	(3.09)	(3.76)	(3.83)	0.27
2016	9,989	209	75	10.70	9.93	17.34	0.27

The Russell 1000® Value Index is a trademark/service mark of Frank Russell Company. Russell® is a trademark of Frank Russell Company.