

Emerging Markets Small Cap Portfolio

First Quarter 2019

Market Review

Emerging market equities, along with global equities, had a strong run in the first quarter after recording significant declines in 2018. The MSCI Emerging Markets Index rose by 9.92% while the MSCI Emerging Markets Small Cap Index returned 7.76%. Key drivers of the strong performance in the first quarter included: Signs of progress in the trade negotiations between the U.S. and China; indications that the U.S. Federal Reserve has placed its interest-rate hike plans on hold; and the introduction of economic stimulus from the Chinese government.

Portfolio Review

The Emerging Markets Small Cap portfolio outperformed the MSCI Emerging Markets Small Cap Index during the quarter. Outperforming in a sharply rising market is a bit uncharacteristic of the strategy given its focus on high-quality businesses that are typically defensive in nature. However, given the relatively more concentrated structure of the portfolio, a few strong performing stocks in the portfolio (which we had during the quarter) can lead to such results.

The largest positive contributor during the quarter was Sea Limited. Sea operates an e-commerce business as well as an online game development/publishing business in South East Asia. In February, the company announced its fourth quarter 2018 results and also released its guidance for 2019. The results were very strong across the board and exceeded expectations by a wide margin. This led to a big jump in the share price during the quarter.

The second largest contributor was Autohome, the leading online automotive information destination in China. From its peak, Autohome's share price declined as new car sales were weak in China and as investors feared that the slower growing economic backdrop in China would lead to tighter advertising budgets for Autohome's customers. Despite these headwinds, Autohome reported strong results as their customers allocated more of their marketing budget to Autohome. The number of users continued to grow and its competitive position remains strong.

Our largest detractor during the quarter was Corporacion Moctezuma, which operates a cement business in Mexico. The business conditions have been on the weaker side in the past few quarters as uncertainties around the election in Mexico led to weaker public project demand. We continue to like the business and believe that we should see some recovery in public projects in the coming years.

Our second largest detractor was Linx, an Enterprise Resource Planning (ERP) software company that specifically targets retailers in Brazil. The share price of Linx increased during the fourth quarter of 2018 on the news that Linx will enter into the payment business through a partnership with Rede (a Brazilian payment business). Given the sudden rise in share price in the fourth quarter, the stock valuation became richer and the stock price basically stayed flat during the quarter, which made it an underperforming stock. We exited our position in Linx during the quarter.

Purchases and Sales

New Purchases	Complete Sales
Distell	AVI
Carsales.com	Hy-Lok
	Korea Ratings
	Linx
	Wawel

Portfolio Highlights

Style: Small Cap
Index: MSCI® Emerging Markets Small Cap Index
Portfolio Turnover: 25%–35%
Number of Holdings: 30–60

Investment Philosophy

- We believe that purchasing high-quality businesses with competitive protections at attractive valuations will achieve excess returns over a complete market cycle.

Investment Objectives

- To achieve a return meaningfully above that of the MSCI® Emerging Markets Small Cap Index
- To achieve this return objective with a portfolio that exhibits lower overall risk characteristics

Investment Management Team

Name	Years of research experience
Douglas S. Foreman, CFA Chief Investment Officer	33
Hyung Kim Portfolio Manager + Senior Research Analyst	15
Craig Thrasher, CFA Portfolio Manager + Senior Research Analyst	15
Ekaterina V. Advena Research Analyst	10
David Forward Research Analyst	5

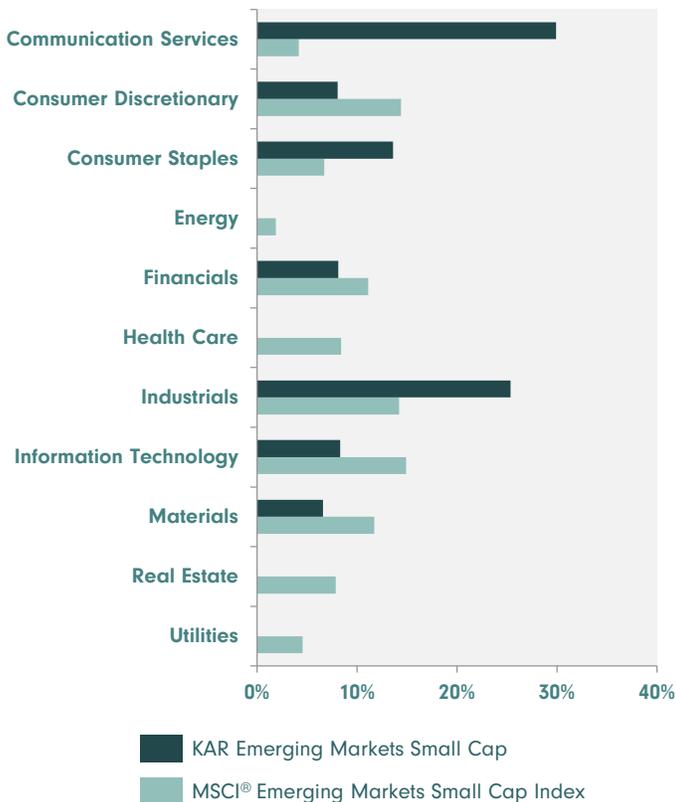
This report is based on the assumptions and analysis made and believed to be reasonable by Advisor. However, no assurance can be given that Advisor's opinions or expectations will be correct. This report is intended for informational purposes only and should be not considered a recommendation or solicitation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

Investment Process: Discovering Quality

Development of High-Quality Universe	Proprietary Fundamental Research	Portfolio Construction	Sell Discipline
400 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 	30–60 Stocks Position Weights <ul style="list-style-type: none"> Average position size is 1% to 5% Max initial position size is 5% (cost) Max position size is 10% (market) Sector and Geographic Tolerances <ul style="list-style-type: none"> Benchmark agnostic but seek broad diversification 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 Typical cash position less than 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, 2019



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, 2019

	KAR Emerging Markets Small Cap	MSCI® Emerging Markets Small Cap Index
Quality		
Return on Equity—Past 5 Years	21.8%	11.4%
Total Debt/EBITDA	0.8 x	6.2 x
Interest Expense Coverage	0.9 x	2.3 x
Growth		
Earnings Per Share Growth—Past 5 Years	16.2%	10.1%
Earnings Per Share Growth—Past 10 Years	10.7%	9.2%
Dividend Per Share Growth—Past 5 Years	10.6%	10.9%
Dividend Per Share Growth—Past 10 Years	12.0%	8.9%
Value		
P/E Ratio—Trailing 12 Months	24.1 x	16.5 x
Dividend Yield	2.9%	2.7%
Market Characteristics		
\$ Weighted Average Market Cap	\$2.4 B	\$1.4 B
Largest Market Cap	\$12.3 B	\$3.0 B

Data is obtained from 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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First Quarter 2019

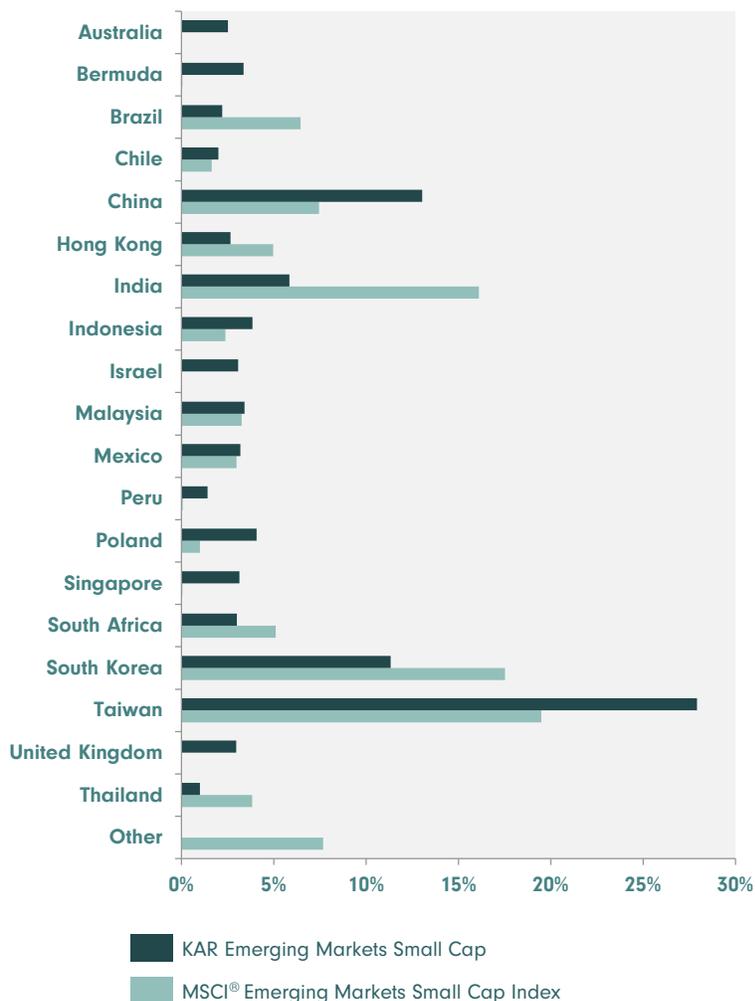
Top 10 Holdings

As of March 31, 2019

Company	Country	Percent of equity (%)
ADDCN Technology	Taiwan	5.8
Autohome	China	4.5
Sporton	Taiwan	4.0
SINA	China	3.9
Taisun	Taiwan	3.8
CARE Ratings	India	3.8
Heineken Malaysia	Malaysia	3.5
Vostok New Ventures	Bermuda	3.4
Douzone Bizon	South Korea	3.3
Corporacion Moctezuma SAB de CV	Mexico	3.2
Total		39.2

Country Exposure

As of March 31, 2019



Historical Returns

	KAR Emerging Markets Small Cap (gross)	KAR Emerging Markets Small Cap (net) [†]	MSCI [®] Emerging Markets Small Cap Index
Annualized Returns (%)[†]			
As of March 31, 2019			
1 st Quarter	12.79	12.52	7.76
One Year	1.14	0.14	(12.42)
Three Years	17.45	16.29	5.95
Inception*	7.60	6.54	2.35
Annual Returns (%)			
2018	(3.82)	(4.78)	(18.59)
2017	33.20	31.90	33.84
2016	18.45	17.28	2.28
2015	(16.02)	(16.84)	(6.85)
2014	2.20	1.16	1.01

*January 1, 2014

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

[†]Net of all fees and expenses. Assumes a 1% annual fee.

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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First Quarter 2019

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, 2017. 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, 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 Emerging Markets

Small Cap Portfolios. Emerging Markets Small Cap Portfolios are invested in equity securities with market capitalizations in line with the MSCI® Emerging Markets Small Cap 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 MSCI® Emerging Markets Small Cap Index (net). The MSCI® Emerging Markets Small Cap Index is a market capitalization-weighted index of small-capitalization stocks from countries defined as Emerging Markets in the MSCI® Global Investable Market Indices Universe, excluding U.S. companies. The index is calculated on a total-return basis with dividends reinvested, net of withholding taxes. Benchmark returns are not covered by the report of the independent verifiers. The composite was created in January 2014. 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: 1.00% for the first \$100 million; 0.90% 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 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 1/12th 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, 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 2016 because 36 monthly composite returns are not available.

3-Yr Annualized Standard Deviation (%)

December 31	Composite	Benchmark
2016	15.00	14.54
2017	14.07	14.57

Year	Total Firm Assets (\$ millions)	Total Composite Assets (\$ millions)	Accounts at Year End	Gross Annual Return (%)	Net Annual Return (%)	MSCI® Emerging Markets Small Cap Index (net) Annual Return (%)	Internal Dispersion
2014	7,989	5	< 5	2.20	1.16	1.01	N/A
2015	8,095	4	< 5	(16.02)	(16.84)	(6.85)	N/A
2016	9,989	5	< 5	18.45	17.28	2.28	N/A
2017	14,609	14	< 5	33.20	31.90	33.84	N/A