

International Small Cap Portfolio

First Quarter 2019

Market Review

After a challenging 2018, global equity markets rebounded sharply in the first quarter of 2019. The MSCI All Country World ex. U.S. Small Cap Index advanced 10.26%. One of the market fears of 2018 was that the Federal Reserve might raise interest rates too aggressively, negatively impacting the economy. In the first quarter, the Federal Reserve became much more dovish with most members of the Federal Open Market Committee expecting no further rate hikes in 2019. Another market headwind in 2018 was the increasing trade tensions between the U.S. and China. In recent months, there have been indications from both sides that significant progress has been made towards a trade deal. These two factors combined to lead equity markets sharply higher. Gains were broad based, with strong performance in all regions and sectors.

Portfolio Overview

The International Small Cap portfolio outperformed the MSCI All Country World ex. U.S. Small Cap Index during the quarter. We would expect our portfolio to underperform the benchmark in particularly strong markets like that experienced during the first quarter, but there was an unusual amount of merger and acquisition activity in our portfolio this quarter. Vostok New Ventures, an investment holding company listed in Sweden, sold their stake in Avito (their largest asset by far) to South African-listed Naspers. U.S.-listed electronic braking company WABCO entered into a merger agreement with German auto parts supplier ZF Friedrichshafen. And lastly, German-listed online classifieds company Scout24 received a takeover offer from private equity firms Blackstone and Hellman & Friedman.

In addition to these developments, two of our other online classifieds holdings, Rightmove and Autohome, had strong returns in the first quarter. Rightmove, the largest online property portal in the U.K., reported resilient earnings growth despite a housing market that has been dampened by uncertainty around Brexit. Similarly, Autohome, which operates the leading online automotive information destination in China, had another excellent quarter despite declining auto sales in the world's largest car market.

Our largest detractor from performance in the quarter was Corporacion Moctezuma, the third largest cement producer in Mexico. Subdued construction activity in Mexico led to challenging conditions for Moctezuma. En-Japan, one of the largest online employment classifieds companies in Japan, also declined in the quarter as the revenue growth in this industry has decelerated. Douzone Bizon, a leading enterprise resource planning software provider in South Korea, declined after reporting slower-than-expected revenue and earnings growth for the fourth quarter. Each of these companies has an outstanding long-term track record of excellent growth and profitability and we believe the issues causing their recent underperformance are temporary in nature.

Purchases and Sales

New Purchases	Complete Sales
En-Japan	104 Corporation
Golden Friends	CAREL Industries
Kerry TJ Logistics	Scout24
VAT Group	Transpaco
	Union Cerv Unidas Backus

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.

Portfolio Highlights

Style: Small Cap
Index: MSCI® ACWI ex. U.S. Small Cap Index
Portfolio Inception: 2012
Portfolio Assets: \$1,356.4 M
Portfolio Turnover: 25%-35%
Number of Holdings: 40-50

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® ACWI ex. U.S. 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
Craig Thrasher, CFA Portfolio Manager + Senior Research Analyst	15
Hyung Kim Portfolio Manager + Senior Research Analyst	15
Ekaterina V. Advena Research Analyst	10
David Forward Research Analyst	5

Top 10 Holdings

As of March 31, 2019

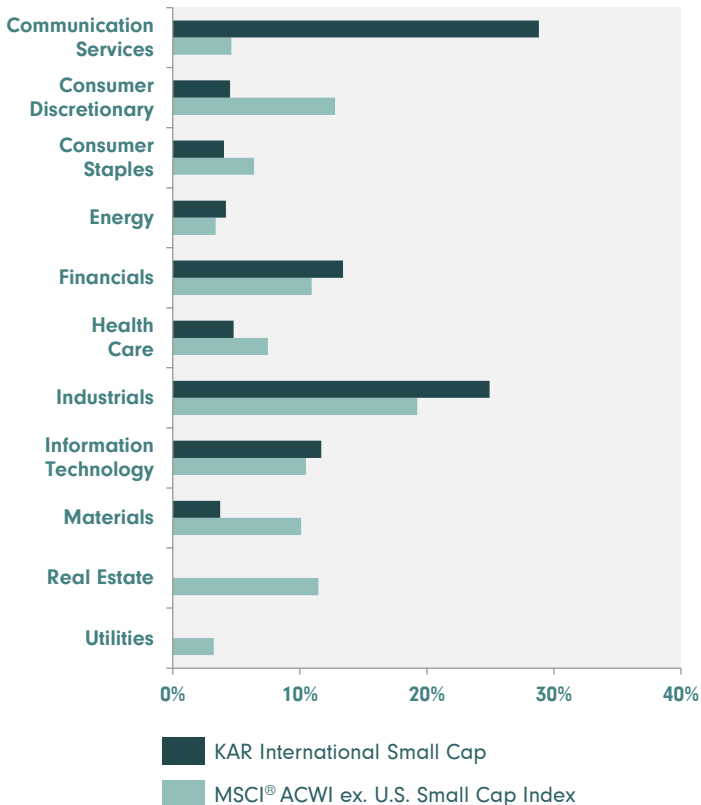
Company	Country	Percent of equity (%)
Rightmove	United Kingdom	5.2
Vostok New Ventures	Bermuda	4.3
WABCO Holdings	United States	3.9
Auto Trader Group	United Kingdom	3.8
Autohome	China	3.4
Alten	France	3.3
SINA	China	3.2
Haw Par	Singapore	3.1
REA Group	Australia	3.0
Mortgage Advice Bureau	United Kingdom	3.0
Total		36.3

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 typically 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 International Small Cap	MSCI® ACWI ex. U.S. Small Cap Index
Quality		
Return on Equity—Past 5 Years	25.4%	11.4%
Total Debt/EBITDA	0.8 x	5.1 x
Interest Expense Coverage	0.6 x	1.9 x
Growth		
Earnings Per Share Growth—Past 5 Years	19.5%	12.6%
Earnings Per Share Growth—Past 10 Years	14.3%	9.3%
Dividend Per Share Growth—Past 5 Years	12.7%	11.4%
Dividend Per Share Growth—Past 10 Years	13.7%	7.7%
Value		
P/E Ratio—Trailing 12 Months	19.3 x	17.3 x
Dividend Yield	2.4%	2.7%
Market Characteristics		
\$ Weighted Average Market Cap	\$2.6 B	\$2.3 B
Largest Market Cap	\$12.3 B	\$10.0 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.

International Small Cap Portfolio

First Quarter 2019

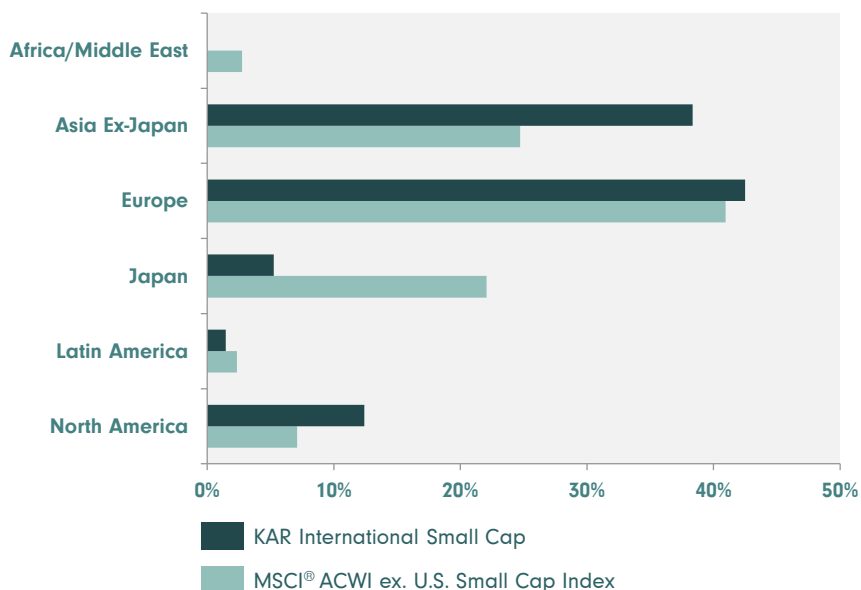
Developed vs. Emerging Markets

As of March 31, 2019

	Percent of equity (%)
Developed Markets	71.7
Emerging Markets	28.3
Total	100.0

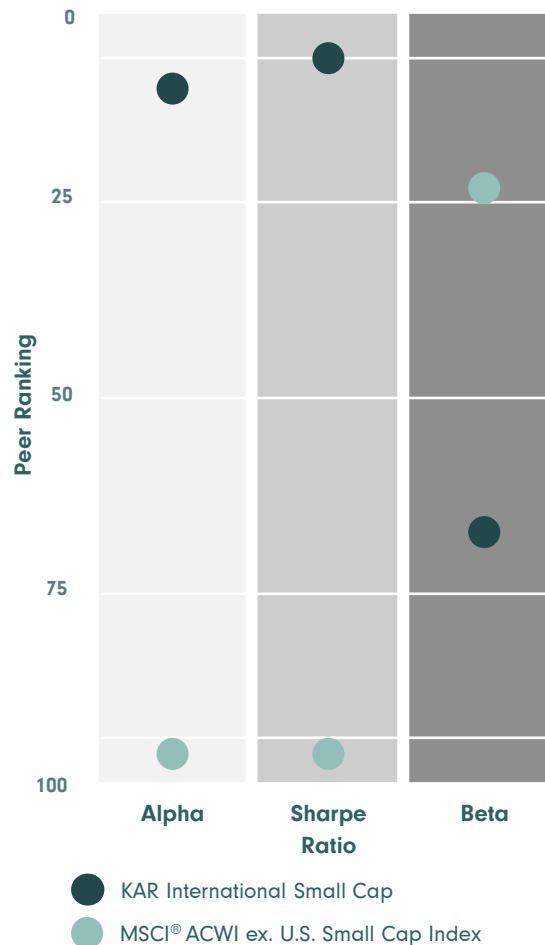
Geographical Exposure

As of March 31, 2019



Peer Comparison Chart

Inception* to March 31, 2019



Historical Returns

	KAR International Small Cap (gross)	KAR International Small Cap (net) [‡]	MSCI ACWI ex. U.S. Small Cap Index
Annualized Returns (%)[†]			
As of March 31, 2019			
1 st Quarter	12.14	11.87	10.26
One Year	0.33	(0.67)	(9.49)
Three Years	18.22	17.06	7.01
Five Years	9.38	8.31	3.26
Seven Years	13.46	12.35	6.05
Inception*	14.96	13.83	7.80
Annual Returns (%)			
2018	(5.33)	(6.28)	(18.20)
2017	30.29	29.02	31.65
2016	22.81	21.61	3.91
2015	(0.28)	(1.25)	2.60
2014	(1.92)	(2.91)	(4.03)
2013	32.42	31.16	19.73
2012	24.87	23.66	18.52

*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 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. The ACWI ex. U.S. Small Cap Universe includes all managers categorized in the ACWI ex. U.S. small cap 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, 2019

	KAR International Small Cap	MSCI ACWI ex. U.S. Small Cap Index
Annualized Return	14.96	7.80
Alpha	7.56	0.00
Upside Capture %	118.48	100.00
Sharpe Ratio	1.17	0.57
Information Ratio	1.39	N/A
Beta	0.89	1.00
Downside Capture %	65.60	100.00

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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.

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 International Small Cap Composite has been examined for the period from January 1, 2012 through December 31, 2017. 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 International Small Cap Portfolios. International Small Cap Portfolios are invested in equity securities with market capitalizations in line with the MSCI® ACWI ex.

U.S.A. 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® ACWI ex U.S.A. Small Cap Index (net). The MSCI® ACWI ex. U.S.A. Small Cap Index is a market capitalization-weighted index of small-capitalization stocks of 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 2012. A list of composite descriptions and policies for valuing portfolios, calculating performance and preparing compliant presentations are available upon request.

The composite contained 100% non-fee-paying portfolios as of December 31, 2012, 12% non-fee-paying portfolios as of December 31, 2013, 12% non-fee-paying portfolios as of December 31, 2014, 7% non-fee-paying portfolios as of December 31, 2015 and December 31, 2016, and 1.5% non-fee-paying portfolios as of December 31, 2017.

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 net 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 2014 because 36 monthly composite returns are not available.

3-Yr Annualized Standard Deviation (%)

	December 31	Composite	Benchmark
2014		11.99	13.33
2015		12.02	11.49
2016		13.26	12.31
2017		13.01	11.69

Year	Total Firm Assets (\$ millions)	Total Composite Assets (\$ millions)	Accounts at Year End	Gross Annual Return (%)	Net Annual Return (%)	MSCI® ACWI ex. U.S. Small Cap Index (net) Annual Return (%)	Internal Dispersion
2012	6,545	4	< 5	24.87	23.66	18.52	N/A
2013	7,841	43	< 5	32.42	31.16	19.73	N/A
2014	7,989	42	< 5	(1.92)	(2.91)	(4.03)	N/A
2015	8,095	46	< 5	(0.28)	(1.25)	2.60	N/A
2016	9,989	55	< 5	22.81	21.61	3.91	N/A
2017	14,609	324	< 5	30.29	29.02	31.65	N/A

The MSCI® ACWI ex. U.S. Small Cap Index is a trademark/service mark of MSCI®. MSCI® is a trademark of MSCI Inc..