

International Small Cap Portfolio

Third Quarter 2018

Market Review

The MSCI All Country World ex. U.S. Small Cap Index declined 1.51% in the third quarter of 2018. With the decline in the third quarter, our benchmark is now down 4.41% for 2018 and down 10.17% from the peak level reached in January. In 2017 and early 2018, investor optimism was being fueled by improving economic conditions globally – the so-called “synchronized” growth story. The picture is clearly much different now. While the U.S. markets have continued to move higher, global stocks have suffered as the growth outlook has deteriorated in many areas. After a strong 2017, growth in Europe has started to slow. China is attempting to rein in ballooning debt levels while dealing with escalating trade tensions with the U.S. Emerging markets broadly have suffered from U.S. dollar strength, as well as from country-specific issues in places like Turkey. Collectively, this has been a significant headwind for global equities.

During this market selloff, declines have been broad based, with emerging markets faring worse than developed markets. Chinese stocks have been particularly weak, reflecting weaker economic data and increasing trade fears. In general, areas perceived as offering relative safety have outperformed. In terms of countries, Japan and South Korea were relatively strong. In terms of sectors, health care has performed particularly well on a relative basis, up for the quarter and for the year. Another standout sector has been energy, which has benefited from rising oil prices.

Portfolio Overview

The International Small Cap portfolio underperformed the MSCI All Country World ex. U.S. Small Cap Index during the quarter.

Our underperformance in the quarter was largely driven by significant declines in our two U.S.-listed Chinese ADRs: Autohome and SINA. Autohome operates the leading online automotive information destination in China, and has been the top contributor to portfolio performance over the last two years. SINA is a technology company whose largest asset is a controlling stake in Weibo, one of the largest social media platforms in China. The stocks have sold off along with many other Chinese companies as investors have increasingly become concerned about a slowdown in the Chinese economy and escalating trade tensions. The fundamentals of both businesses continue to be sound with excellent revenue and profit growth reported in the most recent quarter.

Two online classifieds holdings, Rightmove and Scout24, declined in the third quarter following a strong first half (both companies were top contributors to performance in the second quarter). Both companies have exhibited remarkably consistent results with strong pricing power, leading to steady earnings growth.

On the positive side, our largest contributor to performance was Webstep, an IT consulting firm located in Norway. The company reported strong earnings results in the second quarter, with significantly better-than-expected revenue and profit growth.

Lumax International, the leading process control solutions provider in Taiwan, was another strong performer in the third quarter. After a period of lackluster growth due to lack of capital spending in the oil and gas sector, Lumax reported exceptional results in the second quarter with revenues up 27% and earnings up more than 100%.

Auto Trader, the largest online automotive classifieds marketplace in the U.K., also performed relatively well in the third quarter. Despite dampened demand for new and used cars in the U.K., Auto Trader has continued to grow revenues and increase margins due to its strong pricing power and new product offerings.

Purchases and Sales

New Purchases	Complete Sales
None	Altran
	Firstlogic
	Interworks

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: \$929.4 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	32
Craig Thrasher, CFA Portfolio Manager + Senior Research Analyst	14
Craig Stone Portfolio Manager + Senior Research Analyst	29
Hyung Kim Senior Research Analyst	14
Ekaterina V. Advena Research Analyst	9
David Forward Research Analyst	4

Top 10 Holdings

As of September 30, 2018

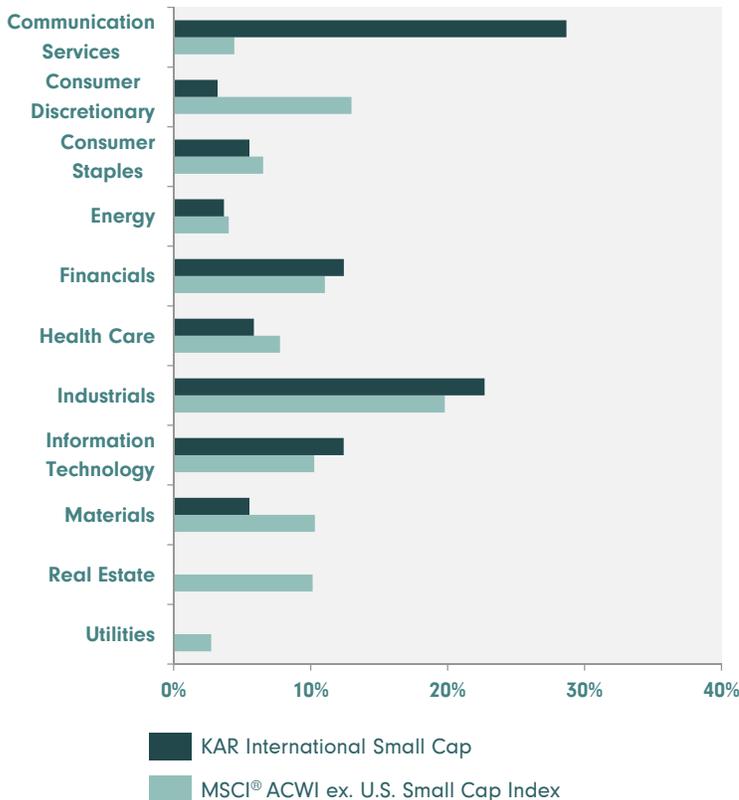
Company	Country	Percent of equity (%)
Auto Trader	United Kingdom	5.3
Vostok New Ventures	Bermuda	5.2
Rightmove	United Kingdom	5.0
Scout24 AG	Germany	4.8
Sabre Insurance Group	United Kingdom	4.3
Haw Par	Singapore	4.1
WABCO Holdings	United States	3.8
Autohome	China	3.5
Alten SA	France	3.4
SINA Corp.	China	3.1
Total		42.3

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 September 30, 2018



Portfolio Characteristics

As of September 30, 2018

	KAR International Small Cap	MSCI® ACWI ex. U.S. Small Cap Index
Quality		
Return on Equity—Past 5 Years	22.9%	11.1%
Total Debt/EBITDA	1.0 x	5.1 x
Interest Expense Coverage	36.5 x	4.0 x
Growth		
Earnings Per Share Growth—Past 5 Years	18.4%	12.3%
Earnings Per Share Growth—Past 10 Years	11.9%	8.6%
Dividend Per Share Growth—Past 5 Years	11%	11.7%
Dividend Per Share Growth—Past 10 Years	12.4%	7.3%
Value		
P/E Ratio—Trailing 12 Months	15.6 x	18.7 x
Dividend Yield	2.7%	2.4%
Market Characteristics		
\$ Weighted Average Market Cap	\$2.4 B	\$2.4 B
Largest Market Cap	\$9.1 B	\$8.5 B

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.

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

Third Quarter 2018

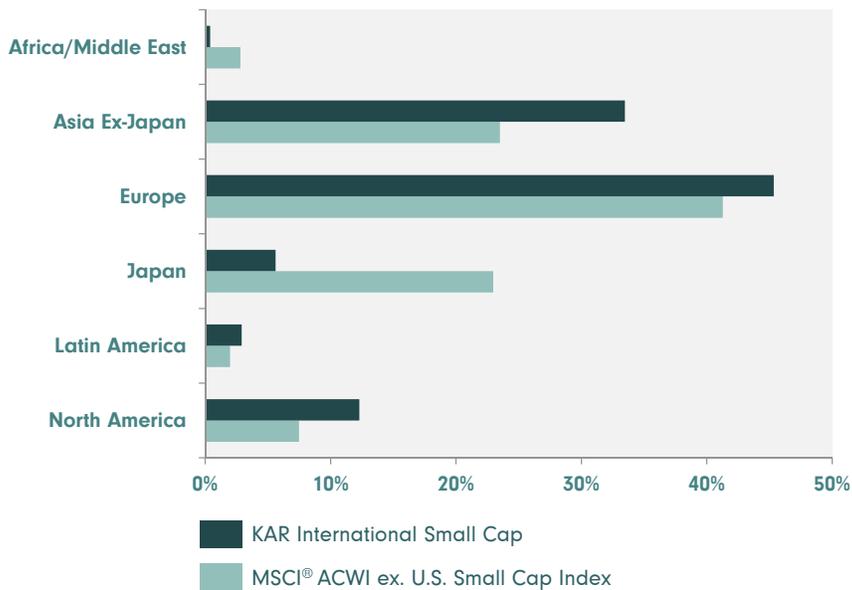
Developed vs. Emerging Markets

As of September 30, 2018

	Percent of equity (%)
Developed Markets	70.5
Emerging Markets	29.5
Total	100.0

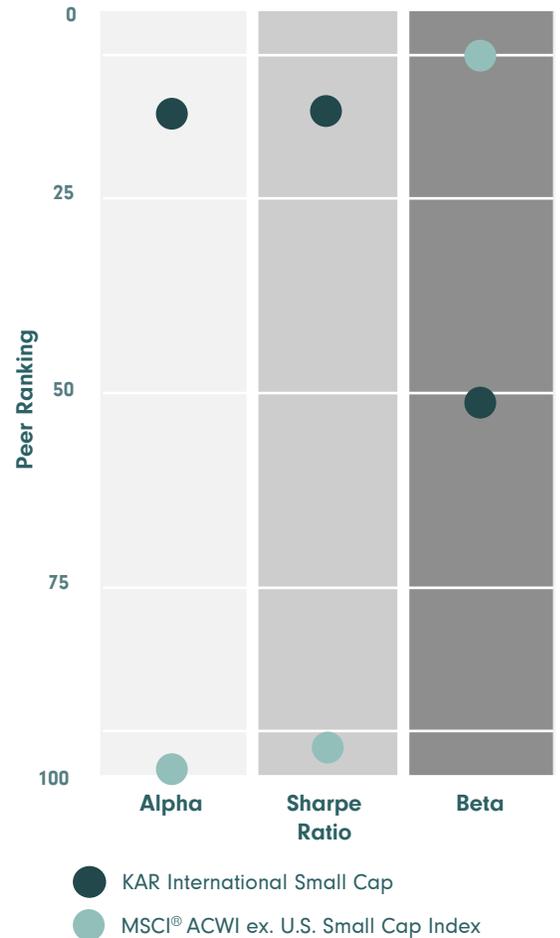
Geographical Exposure

As of September 30, 2018



Peer Comparison Chart

Inception* to September 30, 2018



Historical Returns

	KAR International Small Cap (gross)	KAR International Small Cap (net) [‡]	MSCI ACWI ex. U.S. Small Cap Index
Annualized Returns (%)[†]			
As of September 30, 2018			
3 rd Quarter	(3.10)	(3.34)	(1.51)
Year to Date	5.25	4.46	(4.41)
One Year	9.17	8.09	1.86
Three Years	21.35	20.17	11.24
Five Years	11.36	10.26	6.14
Since Inception*	16.00	14.87	9.34
Annual Returns (%)			
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 September 30, 2018

	KAR International Small Cap	MSCI ACWI ex. U.S. Small Cap Index
Annualized Return	16.00	9.34
Alpha	7.12	0.00
Upside Capture %	108.10	100.00
Sharpe Ratio	1.30	0.74
Information Ratio	1.27	N/A
Beta	0.90	1.00
Downside Capture %	64.24	100.00

International Small Cap Portfolio

Third Quarter 2018

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 International Small Cap Composite has been examined for the period from January 1, 2012 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 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..