

Global Dividend Yield Portfolio

Fourth Quarter 2019

Portfolio Review

The Global Dividend Yield portfolio delivered positive performance, but underperformed the MSCI World High Dividend Yield Index during the fourth quarter. Poor stock selection and an underweight in health care and utilities detracted from performance. Strong stock selection in the information technology sector and an underweight in the consumer staples sector contributed positively to performance.

The biggest contributors to performance during the quarter were TietoEVRY and Las Vegas Sands. Tieto's merger with EVRY closed in December and should strengthen the combined company's competitive position in the Nordics region. A thaw in the trade war between the U.S. and China contributed to strong stock performance during the quarter for Las Vegas Sands. Other top contributors included Lamar Advertising, Watsco and Sabre Insurance Group.

The biggest detractors from the portfolio were WEC Energy Group and BCE. After a strong period of outperformance, lower interest rates and a risk-on trading environment contributed to weakness in WEC's and BCE's shares. Other bottom contributors included Realty Income, Royal Bank of Canada and Fortis.

Purchases and Sales

We purchased Adecco Group, IBM, Principal Financial Group and Southern Company. There were no complete sales during the quarter.

Adecco is a Swiss-based company that offers temporary staffing, permanent placement, outsourcing, career transition and outsourcing services throughout Europe, North America and Japan. Staffing is a capital-light business that generates low margins but strong returns. Due to lower working capital needs during an economic slowdown, cash flow is counter-cyclical which results in strong cash flow in a weak economy and underpins a sustainable dividend.

IBM provides integrated information technology solutions to its customers. The company combines its knowledge of business processes and information technology to help its customers. IBM delivers its solutions via software, hardware, services and consulting. The company has a strong A-rated balance sheet, generates over \$12 billion in free cash flow and returns just under \$6 billion of that to shareholders via dividends. Dividends per share have been increased every year since 1996.

Principal Financial Group is a Des Moines, Iowa-based company that provides insurance and asset management products and services. In the U.S., the company has a strong focus on serving the retirement needs of small- and medium-sized businesses. The company also has a global asset management business that focuses on differentiated products such as preferred securities and commercial real estate. The company has a strong A-rated balance sheet and has grown the dividend at a double-digit rate since the financial crisis. The company did cut the dividend and raise capital during the financial crisis, but that was due to the macro environment as opposed to a genuine need to do it. The company never utilized the capital it raised and has grown the dividend by 10% or more every year since 2009.

Southern Company is an Atlanta-based utility focused on serving customers in the southeastern United States. The company has historically been one of the most well run utilities in the country and has benefited from strong growth in population where it operates and a constructive regulatory environment. However, a few years ago the company undertook two large projects (a coal gasification project in Mississippi and a new nuclear plant) that proved to be more difficult than expected. These projects weighed on the company and contributed to a period of underperformance. To a large degree, these issues are now behind the company. The company has a strong A- rated balance sheet and has grown the dividend every year since 2002.

Outlook

On the surface, there appears to be less concerns about the 2020 outlook than there was at the beginning of 2019. The stock market made numerous new highs in December reflecting this outlook. It is no heroic assumption to predict returns in 2020 will not be as good as 2019 despite a reduction in uncertainty. We believe corporate profits should improve in 2020 to the 5% to 10% growth level despite a slowing in overall GDP probably to the 1.0% to 1.5% range. Modest economic growth coupled with better growth overseas could lead to continued improving corporate profitability. The Federal Reserve will probably hold rates steady if this kind of environment unfolds. Election rhetoric will create some volatility in 2020, but it is premature to handicap any outcomes.

Portfolio Highlights

Style: Large Cap
Index: MSCI[®] World High Dividend Yield Index
Portfolio Turnover: 25%–45%
Number of Holdings: 25–50

Investment Management Team

Name	Years of research experience
Douglas S. Foreman, CFA Chief Investment Officer	33
Richard Sherry, CFA Portfolio Manager + Senior Research Analyst	21
Chris Armbruster, CFA Research Analyst	14
Noran Eid Research Analyst	6

Top 10 Holdings

As of December 31, 2019

Company	Percent of equity (%)
Lamar Advertising	5.4
AT&T	4.8
BCE	4.7
Watsco	4.6
ONEOK	4.5
Spark New Zealand	4.4
Zurich Insurance Group	4.3
Royal Bank of Canada	3.9
Crown Castle International	3.9
Fortis	3.5
Total	43.9

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. Numbers may not always add up due to rounding. Past performance is no guarantee of future results.

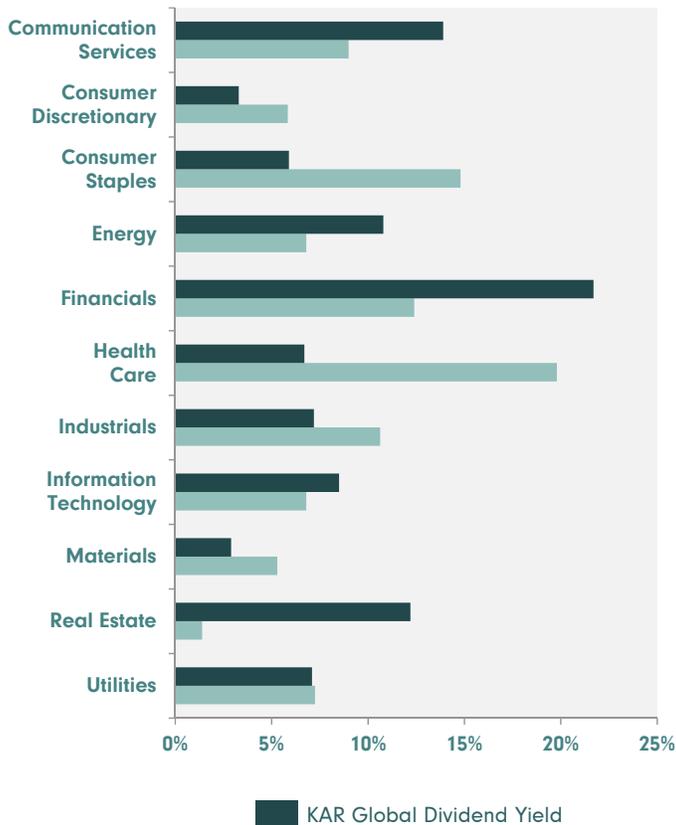
Investment Process: Discovering Quality

Development of High-Quality Universe	Proprietary Fundamental Research	Portfolio Construction	Sell Discipline
<p>KAR Universe</p> <p>Typical Quantitative Screens</p> <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 <p>Other Resources</p> <ul style="list-style-type: none"> Research on existing portfolio holdings Meetings with companies Industry reviews Investment conferences Third-party research 	<p>Qualitative Analysis</p> <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 <p>Financial Analysis</p> <ul style="list-style-type: none"> Evaluate basis for superior profitability, long-term growth potential, and ability to allocate capital appropriately <p>Valuation Analysis</p> <ul style="list-style-type: none"> Determine the current and potential value of the business 	<p>25-50 Stocks</p> <p>Position Weights</p> <ul style="list-style-type: none"> Maximum initial position size is 5% (at cost) Maximum position size is 10% (at market) <p>Sector Tolerances</p> <ul style="list-style-type: none"> Seek broad diversification, but no sector constraints <p>Holding Period</p> <ul style="list-style-type: none"> Typically 3-to-5 years, but is often longer Portfolio turnover is typically 25% to 45% <p>Cash Levels</p> <ul style="list-style-type: none"> Typically will not exceed 10% once a portfolio is fully invested; review by CIO triggered if over 10% 	<p>Potential dividend cut</p> <p>Balance sheet deterioration</p> <p>Inability to cover dividend via internal cash generation over medium-to-long term</p>

High Yield | Market Return | Low Risk

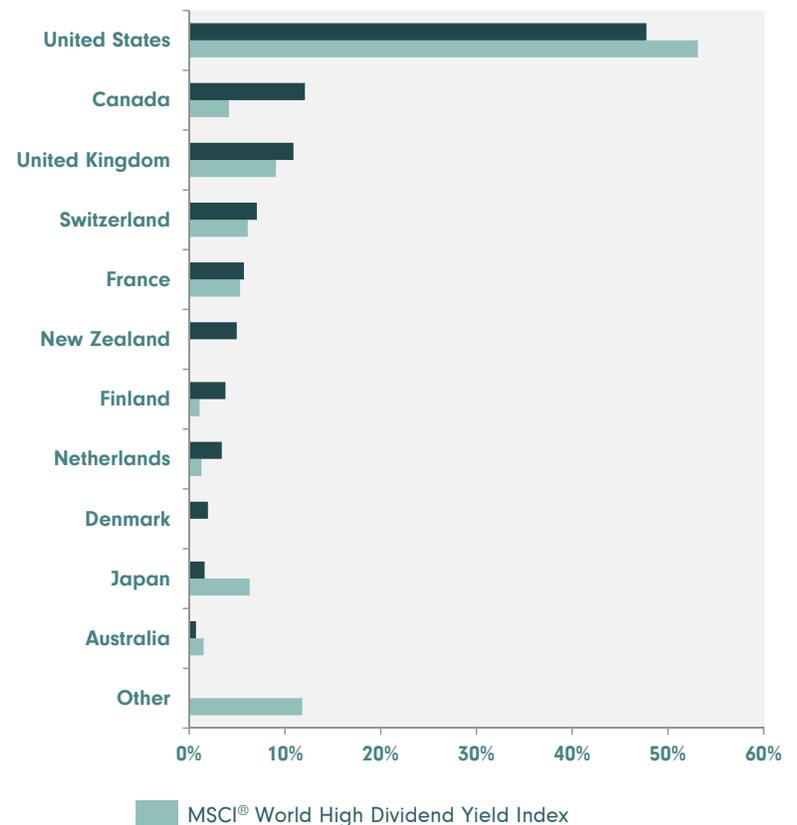
Sector Diversification

As of December 31, 2019



Geographical Exposure

As of December 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.

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Portfolio Characteristics

As of December 31, 2019

	KAR Global Dividend Yield	MSCI® World High Dividend Yield Index
Quality		
Return on Equity—Past 5 Years	16.7%	17.1%
Debt Coverage	4.4 x	5.6 x
Growth		
Earnings Per Share Growth—Past 5 Years	7.7%	4.9%
Dividend Per Share Growth—Past 5 Years	8.2%	7.8%
Value		
Dividend Yield	4.1%	3.8%
Market Characteristics		
Dividend Payout Ratio—5 Year Average	79.6%	61.5%
\$ Weighted Average Market Cap	\$68.5 B	\$115.8 B
Largest Market Cap	\$285.2 B	\$313.3 B
Beta—Since Inception*	0.78	1.00

Historical Returns

	KAR Global Dividend Yield (gross)	KAR Global Dividend Yield (net) [‡]	MSCI® World High Dividend Yield Index
Annualized Returns (%)[†]			
As of December 31, 2019			
4 th Quarter	4.28	4.10	7.10
One Year	23.44	22.59	23.15
Three Years	10.68	9.91	10.38
Five Years	7.98	7.23	7.31
Seven Years	10.55	9.79	8.56
Inception*	10.78	10.01	9.02
Annual Returns (%)			
2019	23.44	22.59	23.15
2018	(4.13)	(4.81)	(7.56)
2017	14.57	13.77	18.14
2016	12.22	11.45	9.29
2015	(3.51)	(4.16)	(3.20)
2014	12.36	11.58	2.48
2013	22.35	21.53	21.91
2012	12.36	11.58	12.24

*January 1, 2012

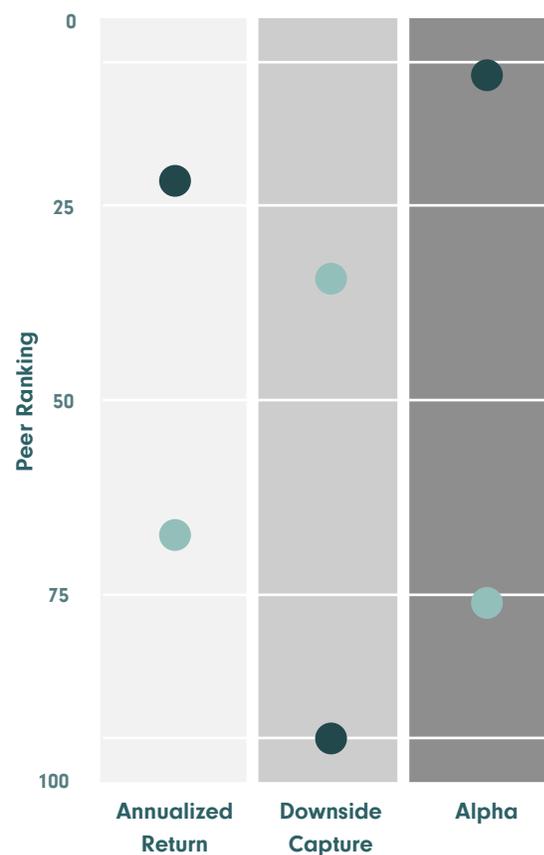
[†]All periods less than one year are total returns and are not annualized. Returns are preliminary.

[‡]Net of all fees and expenses. Assumes a 0.70% annual fee.

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. Other principal consultant firms may use different algorithms to calculate selected statistics. Estimates are based on certain assumptions and historical information. The Global Dividend Yield Universe includes all managers categorized in the global dividend focus 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.**

Peer Comparison Chart

Inception* to December 31, 2019



● KAR Global Dividend Yield
● MSCI® World High Dividend Yield Index

Performance Statistics

Inception* to December 31, 2019

	KAR Global Dividend Yield	MSCI® World High Dividend Yield Index
Annualized Return	10.78	9.02
Annualized Standard Deviation	8.89	10.43
Alpha	3.36	0.00
Beta	0.78	1.00
Sharpe Ratio	1.14	0.80
R-Squared	84.42	100.00

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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, 2018.

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, 2018. 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 Global Dividend Yield Portfolios. Global Dividend Yield Portfolios are invested in globally diversified securities of high-

quality, mature companies with high dividend yields. For comparison purposes, the composite is measured against the MSCI® World High Dividend Yield Index. The MSCI® World High Dividend Yield Index is designed to reflect the performance in the MSCI® World Index (excluding REITs) with higher dividend income and quality characteristics than average dividend yields that are both sustainable and persistent. The benchmark was changed retroactively effective January 2019, as the previous benchmark was discontinued December 2018. 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, 4% non-fee-paying portfolios as of December 31, 2014, 2% non-fee-paying portfolios as of December 31, 2015 and < 1% non-fee-paying portfolios as of December 31, 2016, December 31, 2017 and December 31, 2018.

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, 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	10.59
2015		10.15	11.32
2016		9.32	10.61
2017		8.00	9.59
2018		8.23	9.14

Year	Total Firm Assets (\$ millions)	Total Composite Assets (\$ millions)	Accounts at Year End	Gross Annual Return (%)	Net Annual Return (%)	MSCI® World High Dividend Yield Index (net) Return (%)	Internal Dispersion
2012	6,545	< 1	< 5	12.36	11.58	12.24	N/A
2013	7,841	1.8	5	22.35	21.53	21.91	N/A
2014	7,989	14	24	12.36	11.58	2.48	0.29
2015	8,095	33	44	(3.51)	(4.16)	(3.20)	0.82
2016	9,989	332	61	12.22	11.45	9.29	0.82
2017	14,609	128	221	14.57	13.77	18.14	0.38
2018	17,840	111	234	(4.13)	(4.81)	(7.56)	0.47

The MSCI® World High Dividend Yield Index is a trademark/service mark of MSCI®. MSCI® is a trademark of MSCI Inc.