

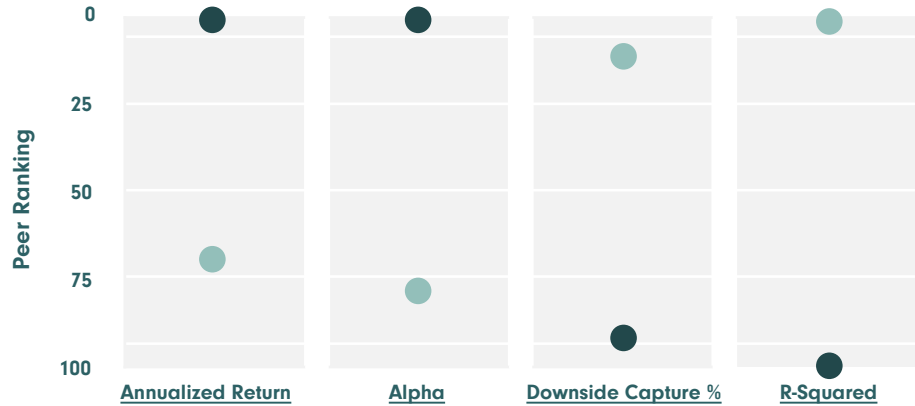
# Small Cap Quality Select Portfolio

## Fourth Quarter 2019



### Peer Comparison Chart

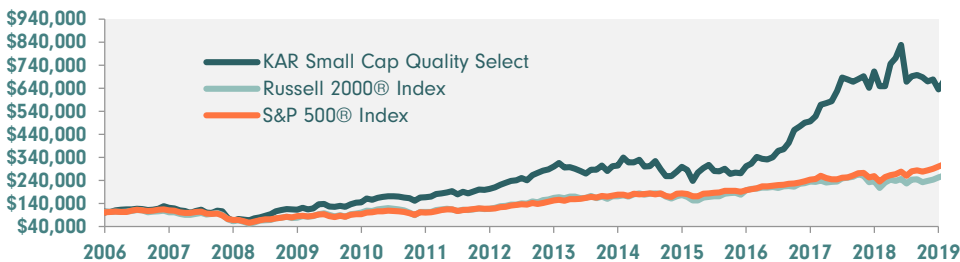
Inception\* to December 31, 2019



Percentile Rank†

### Growth of \$100,000

Inception\* to December 31, 2019



### Historical Returns

	KAR Small Cap Quality Select (gross)	KAR Small Cap Quality Select (net) <sup>§</sup>	Russell 2000® Index
<b>Annualized Returns (%) †</b>			
As of December 31, 2019			
4 <sup>th</sup> Quarter	0.50	0.18	9.94
One Year	3.75	2.46	25.52
Three Years	29.14	27.56	8.59
Five Years	14.66	13.24	8.23
Seven Years	18.09	16.63	11.65
Ten Years	18.67	17.17	11.83
Inception*	15.58	14.17	7.56
<b>Annual Returns (%)</b>			
2019	3.75	2.46	25.52
2018	25.23	23.70	(11.01)
2017	65.76	63.78	14.65
2016	9.38	8.02	21.31
2015	(15.85)	(16.95)	(4.41)
2014	7.34	5.99	4.89
2013	50.52	48.73	38.82
2012	23.44	21.92	16.35
2011	5.67	4.37	(4.18)
2010	32.62	30.54	26.85
2009	68.54	66.67	27.17
2008	(39.41)	(40.05)	(33.79)
2007	15.46	14.18	(1.57)
2006 <sup>¶</sup>	3.03	2.87	2.97

\*November 1, 2006

†Out of 120 Managers as of December 31, 2019

‡All periods less than one year are total returns and are not annualized. Returns are preliminary.

§Net of all fees and expenses. Assumes a 1.25% annual fee.

¶Performance calculations are for the two months ended December 31, 2006.

### Portfolio Strategy

Our goal is to provide exceptional long-term investment results by owning a focused portfolio of businesses with enduring competitive protections and favorable long-term prospects purchased at attractive prices. We utilize our firm's extensive knowledge of high-quality companies to construct a portfolio of the best opportunities chosen from across our investment universe without consideration of style or sector weight restrictions. We do not attempt to forecast the market, but instead try to understand individual companies and their worth so that we are in a position to recognize attractive prices when they arise. We do not use leverage.

### Portfolio Highlights

**Style:** Small Cap  
**Index:** Russell 2000®  
**Portfolio Inception:** 2006  
**Number of Holdings:** 6-12

### Investment Management Team

Name	Years of research experience
<b>Douglas S. Foreman, CFA</b> Chief Investment Officer	33
<b>Todd Bailey, CFA</b> Portfolio Manager + Senior Research Analyst	20
<b>Julie Biel, CFA</b> Senior Research Analyst	11
<b>Jon Christensen, CFA</b> Senior Research Analyst	24
<b>Julie Kutasov</b> Senior Research Analyst	18
<b>Craig Stone</b> Senior Research Analyst	30
<b>Chris Wright, CFA</b> Senior Research Analyst	7
<b>Sean Dixon</b> Research Analyst	10
<b>Adam Xiao, CFA</b> Research Analyst	4

### Performance Statistics

Inception\* to December 31, 2019

	KAR Small Cap Quality Select	Russell 2000® Index
Annualized Return	15.58	7.56
Cumulative Return	572.97	161.02
Annualized Standard Deviation	22.95	19.09
Alpha	9.67	0.00
Beta	0.86	1.00
Upside Capture %	112.34	100.00
Downside Capture %	72.00	100.00
R-Squared	50.98	100.00
Information Ratio	0.49	N/A

This material is deemed supplemental and complements the performance and disclosure at the end of this presentation. For further details on the composite, please see the disclosure statement in this presentation. The Small Cap Core Universe includes all managers categorized in the small cap core 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.**

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Fourth 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 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 Small Cap Quality Select 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 tax-exempt institutional and pooled Small Cap Quality Select Portfolios. Small Cap Quality Select Portfolios are invested in equity securities with market capitalizations consistent with the Russell 2000® Index, that have market control, rising free cash flow, shareholder-oriented management, strong consistent profit growth, and low-debt balance sheets. Small Cap Quality Select Portfolios are highly concentrated portfolios, generally consisting of less than 12

securities. For comparison purposes, the composite is measured against the Russell 2000® Index. The Russell 2000® Index is a market capitalization-weighted index of the 2,000 smallest companies in the Russell Universe, which comprises 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 November 2006. A list of composite descriptions and policies for valuing portfolios, calculating performance, and preparing compliant presentations are available upon request.

This composite was redefined to include only tax-exempt portfolios as of October 1, 2014; prior to October 1, 2014, both taxable and tax-exempt portfolios were included. Prior to January 1, 2011, the composite minimum was \$250,000. Prior to January 1, 2011, accounts that experienced a significant cash flow, defined as aggregate flows that exceeded 25% of the account's beginning of period market value, were temporarily removed from the composite. This composite contained 16% non-fee-paying portfolios as of December 31, 2013, 1.5% non-fee-paying portfolios as of December 31, 2014, 1.2% non-fee-paying portfolios as of December 31, 2015, 2.1% non-fee-paying portfolios as of December 31, 2016, 2.6% non-fee-paying portfolios as of December 31, 2017, and 7.2% non-fee-paying portfolios as of December 31, 2018.

The standard management fee schedule currently in effect is as follows: 1.25% on all assets. 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	20.11	25.34
2012	17.12	20.48
2013	12.93	16.68
2014	15.37	13.31
2015	19.82	14.16
2016	24.96	15.99
2017	24.93	14.11
2018	23.59	16.01

Year	Total Firm Assets (\$ millions)	Total Composite Assets (\$ millions)	Accounts at Year End	Gross Annual Return (%)	Net Annual Return (%)	Russell 2000® Index Annual Return (%)	Internal Dispersion
2009	4,010	3	< 5	68.54	66.67	27.17	N/A
2010	4,729	3	9	32.62	30.54	26.85	N/A
2011	5,232	8	26	5.67	4.37	(4.18)	0.26
2012	6,545	14	34	23.44	21.92	16.35	0.48
2013	7,841	34	45	50.52	48.73	38.82	0.82
2014	7,989	23	23	7.34	5.99	4.89	1.12
2015	8,095	37	33	(15.85)	(16.95)	(4.41)	0.26
2016	9,989	26	27	9.38	8.02	21.31	0.34
2017	14,609	39	26	65.76	63.78	14.65	1.01
2018	17,840	18	28	25.23	23.70	(11.01)	0.35

The Russell 2000® Index is a trademark/service mark of Frank Russell Company. Russell® is a trademark of Frank Russell Company.