

Small-Mid Cap Quality Value Portfolio

Fourth Quarter 2019



Portfolio Review

The Small-Mid Cap Quality Value portfolio delivered positive performance but underperformed the Russell 2500 Value Index during the fourth quarter. Poor stock selection in materials & processing and health care detracted from performance. An underweight in utilities and good stock selection in financial services contributed positively to performance.

The biggest contributors to performance during the quarter were Thor Industries and MSCI. In 2019, Thor completed the acquisition of Erwin Hymer, a market leading manufacturer of recreational vehicles in Europe. The acquisition of Erwin Hymer is likely to yield multiple benefits, including geographic diversification of the business. Also, because Thor is more of an assembler as opposed to a true manufacturer, the profitability of the company in the current industry downturn continues to produce cash-flow that has been utilized to pay down debt incurred from the Erwin Hymer acquisition. MSCI's operational results in the recent quarter end showed revenue and profit growing 10% and 13%, respectively. These better-than-expected results pushed shares higher in the most recent period after the stock lagged in the prior quarter. Other top contributors included CDW, Zebra Technologies and Lamar Advertising.

The biggest detractors from the portfolio were Cinemark and Core Laboratories. Cinemark's shares lagged driven by investor concerns over near-term U.S. box office outlook and proliferation of alternative forms of viewership. Importantly, Cinemark continues to grow attendance and drive increased monetization through ticket and concession spend. We believe that the box office will show resilience as movie theaters continue to represent a relatively inexpensive form of out-of-home entertainment. The company also remains a solid free-cash-flow generator returning excess cash to shareholders via regular cash dividends. Core Laboratories' business has suffered over the past five years amid a severe cyclical downturn in the energy industry. More recently, a drop in U.S. onshore drilling activity and ongoing delays with international projects have kept pressure on its business and caused management to reduce the company's dividend. Other bottom contributors included RBC Bearings, Cheesecake Factory and W.R. Berkley.

Purchases and Sales

During the quarter, we purchased MGM Growth Properties and we sold Jones Lang LaSalle and Signature Bank.

MGM Growth Properties operates as a real estate investment trust, which engages in the acquisition, ownership and leasing of destination entertainment and leisure resorts. The REIT was formed by MGM Resorts International to acquire and hold 11 of the casino properties that MGM operates.

Jones Lang LaSalle acquired HFF in the first quarter of 2019. As part of the deal, we received \$24.63 per share in cash and 0.1505 per share of Jones Lang LaSalle stock. We sold the shares we received and reinvested the proceeds into MGM Growth Properties.

We sold Signature Bank because we were disappointed with the company's handling of issues related to its taxi medallion loan portfolio (that was negatively impacted by the ride-sharing industry proliferation) and aggressive entry into both new geographies (including the highly competitive California market) and higher-risk lending areas (such as venture capital lending). In addition, we were concerned about the potentially significant negative impact of the recently passed more restrictive New York City (NYC) rent control laws on the bank's core NYC multi-family lending business.

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: Small-Mid Cap
Sub-Style: Value
Index: Russell 2500™ Value
Portfolio Inception: 2008
Portfolio Assets: \$240.1 M
Portfolio Turnover: 25%–35%

Investment Management Team

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

Top Five Holdings

As of December 31, 2019

| Company | Percent of equity (%) |
|--------------------|-----------------------|
| TransUnion | 6.2 |
| Scotts Miracle-Gro | 6.1 |
| Lamar Advertising | 5.4 |
| CDW | 5.3 |
| MSCI | 5.2 |
| Total | 28.1 |

*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 |
|--|---|---|---|
| 200 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 | 50–60 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 | 25–35 Stocks Position Weights <ul style="list-style-type: none"> Maximum initial position size is 5% (at cost) Maximum position size is 10% (at market) Sector Tolerances <ul style="list-style-type: none"> Seek broad diversification, but no sector constraints Non-U.S. Holdings <ul style="list-style-type: none"> Up to 20% Holding Period <ul style="list-style-type: none"> Typically 3-to-5 years, but is often longer Portfolio turnover is typically 25% to 35% Cash Levels <ul style="list-style-type: none"> Typically will not exceed 10% once a portfolio is fully invested; review by CIO triggered if over 10% | Extended Valuation Portfolio Upgrade Acquisition Activity Negative Company or Industry Changes |

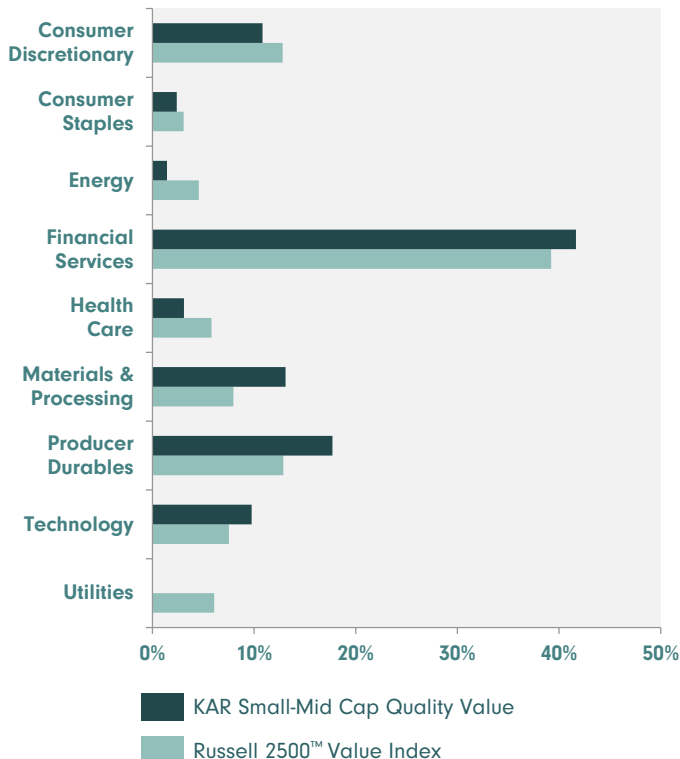
Higher Quality

Stronger, More Consistent Growth

Better Value

Sector Diversification

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 Russell sector classifications. Data is obtained by FactSet Research Systems and is assumed to be reliable.

Portfolio Characteristics

As of December 31, 2019

| | KAR Small-Mid Cap Quality Value | Russell 2500™ Value Index |
|--|---------------------------------|---------------------------|
| Quality | | |
| Return on Equity—Past 5 Years | 23.0% | 9.8% |
| Total Debt/EBITDA | 2.1 x | 5.2 x |
| Earnings Variability—Past 10 Years | 34.7% | 62.1% |
| Growth | | |
| Earnings Per Share Growth—Past 5 Years | 11.6% | 8.6% |
| Earnings Per Share Growth—Past 10 Years | 11.6% | 8.8% |
| Dividend Per Share Growth—Past 5 Years | 12.1% | 8.0% |
| Dividend Per Share Growth—Past 10 Years | 12.2% | 9.3% |
| Capital Generation—{ROE x (1-Payout)} | 14.1% | 6.3% |
| Value | | |
| P/E Ratio—Trailing 12 Months | 25.0 x | 24.7 x |
| Dividend Yield | 1.8% | 2.2% |
| Free Cash Flow Yield† | 4.6% | 3.5% |
| Market Characteristics | | |
| \$ Weighted Average Market Cap—3-Year Avg. | \$7.2 B | \$4.7 B |
| Largest Market Cap—3-Year Avg. | \$18.0 B | \$14.8 B |
| Annualized Standard Deviation—Since Inception‡ | 16.2% | 18.3% |

†Free cash flow data is as of September 30, 2019. Prices are as of December 31, 2019. Excludes financials.

‡January 1, 2008

This material is deemed supplemental and complements the performance and disclosure at the end of this presentation. 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.**

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Fourth Quarter 2019

Strong Risk-Adjusted Returns

Inception* to December 31, 2019



Peer Comparison Chart

Inception* to December 31, 2019



Historical Returns

| | KAR Small-Mid Cap Quality Value (gross) | KAR Small-Mid Cap Quality Value (net) [†] | Russell 2500 [™] Value Index |
|---|---|--|---------------------------------------|
| Annualized Returns (%)[†] | | | |
| As of December 31, 2019 | | | |
| 4 th Quarter | 5.29 | 5.06 | 7.07 |
| One Year | 33.19 | 32.02 | 23.56 |
| Three Years | 11.56 | 10.57 | 6.12 |
| Five Years | 10.57 | 9.58 | 7.18 |
| Seven Years | 13.67 | 12.66 | 10.56 |
| Ten Years | 13.91 | 12.90 | 11.25 |
| Inception* | 12.13 | 11.11 | 8.01 |

Annual Returns (%)

| | KAR Small-Mid Cap Quality Value (gross) | KAR Small-Mid Cap Quality Value (net) [†] | Russell 2500 [™] Value Index |
|------|---|--|---------------------------------------|
| 2019 | 33.19 | 32.02 | 23.56 |
| 2018 | (11.97) | (12.77) | (12.36) |
| 2017 | 18.43 | 17.38 | 10.36 |
| 2016 | 19.69 | 18.63 | 25.20 |
| 2015 | (0.58) | (1.47) | (5.49) |
| 2014 | 8.88 | 7.89 | 7.11 |
| 2013 | 36.30 | 35.12 | 33.32 |
| 2012 | 11.01 | 10.07 | 19.21 |
| 2011 | 7.40 | 6.52 | (3.36) |
| 2010 | 25.83 | 24.61 | 24.82 |
| 2009 | 32.51 | 31.22 | 27.68 |
| 2008 | (18.99) | (19.82) | (31.99) |

*January 1, 2008

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

[†]Net of all fees and expenses. Assumes a 0.90% 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 Small-Mid Cap Value Universe includes all managers categorized in the small-mid cap value 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 December 31, 2019

| | KAR Small-Mid Cap Quality Value | Russell 2500 [™] Value Index |
|-------------------------------|---------------------------------|---------------------------------------|
| Annualized Return | 12.13 | 8.01 |
| Annualized Standard Deviation | 16.23 | 18.33 |
| Alpha | 4.93 | 0.00 |
| Beta | 0.84 | 1.00 |
| Sharpe Ratio | 0.71 | 0.40 |
| R-Squared | 89.40 | 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 Small-Mid Cap Quality Value Composite has been examined for the period from January 1, 2012 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 is defined as all fully discretionary institutional and pooled Small-Mid Cap Quality Value Portfolios (including cash) under management for at least one full quarter. Small-Mid Cap Quality Value Portfolios are invested in equity securities with market capitalizations consistent with the Russell 2500™ Value 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 Russell 2500™ Value Index. The Russell 2500™ Value Index is a market capitalization-weighted index of value-oriented stocks of the 2,500 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 June 2008. A list of composite descriptions and policies for valuing portfolios, calculating performance and preparing compliant presentations are available upon request.

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. As of January 1, 2011, the composite was redefined to include both institutional and mutual fund [or pooled] accounts. Previously, only institutional accounts were included. Non-fee-paying portfolios represent < 1% of composite assets as of each annual period end from 2013-2018.

The standard fee schedule in effect is as follows: 0.90% for the first \$25 million; 0.80% on the next \$25 million; 0.75% on the next \$50 million; 0.60% 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 IIA of Form ADV, which is available upon 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 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 | 20.07 | 24.57 |
| 2012 | 13.97 | 18.67 |
| 2013 | 12.01 | 15.29 |
| 2014 | 10.65 | 11.41 |
| 2015 | 12.25 | 12.19 |
| 2016 | 12.24 | 13.36 |
| 2017 | 10.88 | 11.98 |
| 2018 | 12.93 | 13.77 |

| Year | Total Firm Assets (\$ millions) | Total Composite Assets (\$ millions) | Accounts at Year End | Gross Annual Return (%) | Net Annual Return (%) | Russell 2500™ Value Index Annual Return (%) | Internal Dispersion |
|------|---------------------------------|--------------------------------------|----------------------|-------------------------|-----------------------|---|---------------------|
| 2009 | 4,010 | < 1 | < 5 | 32.51 | 31.22 | 27.68 | N/A |
| 2010 | 4,729 | < 1 | < 5 | 25.83 | 24.61 | 24.82 | N/A |
| 2011 | 5,232 | 1 | < 5 | 7.40 | 6.52 | (3.36) | N/A |
| 2012 | 6,545 | 85 | < 5 | 11.01 | 10.07 | 19.21 | N/A |
| 2013 | 7,841 | 138 | 6 | 36.30 | 35.12 | 33.32 | 0.13 |
| 2014 | 7,989 | 140 | 12 | 8.88 | 7.89 | 7.11 | 0.09 |
| 2015 | 8,095 | 371 | 17 | (0.58) | (1.47) | (5.49) | 0.05 |
| 2016 | 9,989 | 395 | 22 | 19.69 | 18.63 | 25.20 | 0.24 |
| 2017 | 14,609 | 427 | 49 | 18.43 | 17.38 | 10.36 | 0.45 |
| 2018 | 17,840 | 162 | 36 | (11.97) | (12.77) | (12.36) | 0.40 |

The Russell 2500™ Value Index is a trademark/service mark of Frank Russell Company. Russell® is a trademark of Frank Russell Company.