

## International Small Cap Portfolio

First Quarter 2021

### Market Review

After a strong finish to 2020, global equity markets had another positive quarter in the first quarter of 2021. The MSCI All Country World ex. U.S. Small Cap Index increased 5.53% in the first quarter. The recent announcements of several effective vaccines for COVID-19 along with ongoing monetary and fiscal stimulus around the world have led to increased expectations for a robust economic outlook for the coming year.

Since the first vaccine announcements in November, we have started to see a change in market dynamics where more cyclical, lower growth, lower quality stocks have outperformed more consistent, higher growth, higher quality stocks. This is a reversal of what has been a significant market trend for several years now. One explanation for this is rising interest rates. Higher interest rates mean that future earnings of high-growth companies are discounted at a higher rate, which would tend to narrow the valuation premium for high-growth stocks. Another explanation for this rotation is that investors are expecting an acceleration in economic growth. Again, on a relative basis, this would tend to favor more cyclical companies.

Given the rotation described above, it is not surprising that financials, energy and consumer discretionary were the best performing sectors in the first quarter. More defensive sectors, including health care, real estate and utilities, underperformed.

### Portfolio Overview

The International Small Cap portfolio underperformed the MSCI All Country World ex. U.S. Small Cap Index during the first quarter. Given the more defensive nature of our holdings, this is not unexpected.

The top contributors to performance were Mortgage Advice Bureau and Gruppo MutuiOnline. Mortgage Advice Bureau is a leading mortgage network in the United Kingdom. The company reported strong results for the fourth quarter as well as upbeat prospects for continued growth in 2021. Gruppo MutuiOnline is the holding company of a group of firms operating in online broking of financial products and in the outsourcing of complex processes for the financial services industry in the Italian market. Gruppo MutuiOnline also reported earnings for the fourth quarter that were ahead of analyst expectations, capping a strong year despite challenging macroeconomic conditions. Other top contributors included Haw Par, HeadHunter Group and Cerved Information.

The largest detractors to performance were New Work and VNV Global. Listed in Germany, New Work owns the largest career-oriented social networking platform in the German speaking market. New Work's earnings were relatively resilient during the pandemic due to the highly recurring nature of their revenues. Although we believe there are no fundamental concerns about the business, consistent, higher growth companies tended to underperform in the first quarter. Listed in Sweden, VNV Global is an investment holding company with a number of investments in private companies around the world. Their largest investment is company involved in digital health. While digital health is an area that has garnered increased attention during 2020 as a result of the pandemic, valuations of peer companies came down in the first quarter. Other detractors in the first quarter included Karnov Group, Rightmove and Ascential.

### Purchases and Sales

New Purchases	Complete Sales
Cerved Group	Compania de las Cervecerias Unidas (CCU)
FINEOS	Fortnox
Kaspi.kz	
Redbubble	

*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:** \$3,303.6 M  
**Portfolio Turnover:** 25%–35%  
**Number of Holdings:** 30-60

### 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
<b>Douglas S. Foreman, CFA</b> Chief Investment Officer	35
<b>Hyung Kim</b> Portfolio Manager + Senior Research Analyst	17
<b>Craig Thrasher, CFA</b> Portfolio Manager + Senior Research Analyst	17
<b>Ekaterina V. Advena</b> Research Analyst	12
<b>David Forward</b> Research Analyst	7

### Top 10 Holdings

As of March 31, 2021

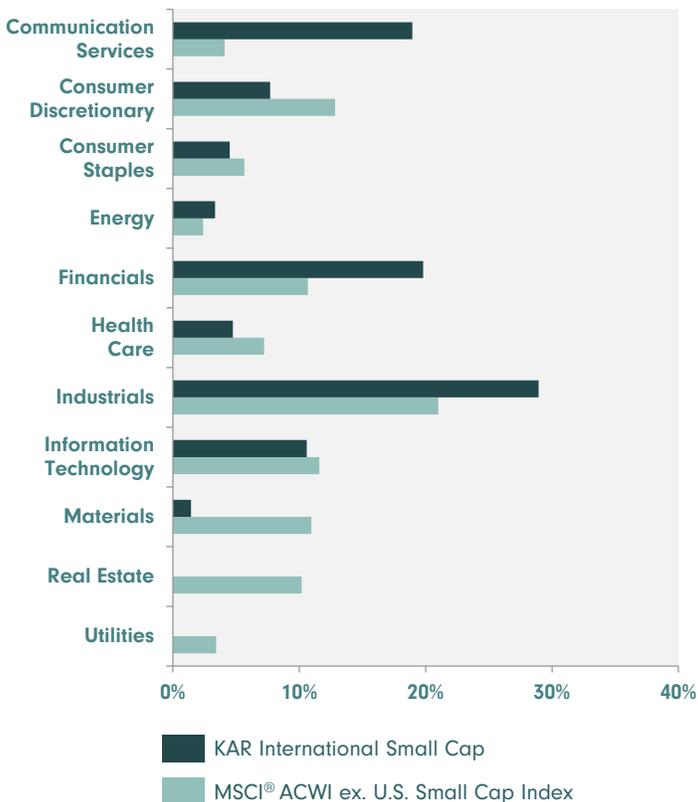
Company	Country	Percent of equity (%)
Headhunter Group	Russian Federation	5.0
Rightmove	United Kingdom	3.7
Haw Par	Singapore	3.6
VNV Global	Sweden	3.6
Auto Trader	United Kingdom	3.6
CAE	Canada	3.2
Marel	Iceland	3.2
Gruppo MutuiOnline	Italy	3.2
Mortgage Advice Bureau	United Kingdom	3.1
Voltronic Power Technology	Taiwan	2.7
<b>Total</b>		<b>34.9</b>

## Investment Process: Discovering Quality

<b>Development of High-Quality Universe</b>	<b>Proprietary Fundamental Research</b>	<b>Portfolio Construction</b>	<b>Sell Discipline</b>
<b>Quantitative Screens</b> <ul style="list-style-type: none"> <li>High return on capital over a full economic cycle</li> <li>Long and resilient earnings history</li> <li>High return on net operating assets</li> <li>Minimal debt</li> </ul> <b>Other Resources</b> <ul style="list-style-type: none"> <li>Research on existing portfolio holdings</li> <li>Meetings with companies</li> <li>Industry reviews</li> <li>Investment conferences</li> <li>Third-party research</li> </ul>	<b>Qualitative Analysis</b> <ul style="list-style-type: none"> <li>Evaluate sustainability of business model and assess management's ability to direct capital where it can create further control of its market</li> </ul> <b>Financial Analysis</b> <ul style="list-style-type: none"> <li>Evaluate basis for profitability, long-term growth potential, and ability to allocate capital appropriately</li> </ul> <b>Valuation Analysis</b> <ul style="list-style-type: none"> <li>Determine the current and potential value of the business</li> </ul>	<b>Position Weights</b> <ul style="list-style-type: none"> <li>Maximum initial position size is 5% (at cost)</li> <li>Maximum position size is 10% (at market)</li> </ul> <b>Sector and Geographic Tolerances</b> <ul style="list-style-type: none"> <li>Seek broad diversification, but no sector constraints</li> </ul> <b>Holding Period</b> <ul style="list-style-type: none"> <li>Typically 3-to-5 years</li> <li>Portfolio turnover is typically 25% to 35%</li> </ul> <b>Cash Levels</b> <ul style="list-style-type: none"> <li>Typically will not exceed 10% once a portfolio is fully invested; review by CIO triggered if over 10%</li> </ul>	<b>Extended Valuation</b> <b>Portfolio Upgrade</b> <b>Acquisition Activity</b> <b>Negative Company or Industry Changes</b>
<b>Higher Quality   Stronger, More Consistent Growth   Better Value</b>			

## Sector Diversification

As of March 31, 2021



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, 2021

	KAR International Small Cap	MSCI® ACWI ex. U.S. Small Cap Index
<b>Quality</b>		
Return on Equity—Past 5 Years	23.9%	10.9%
Total Debt/EBITDA	7.0 x	8.3 x
Interest Expense Coverage	5.1 x	3.3 x
<b>Growth</b>		
Earnings Per Share Growth—Past 5 Years	14.3%	6.2%
Earnings Per Share Growth—Past 10 Years	11.0%	7.2%
Dividend Per Share Growth—Past 5 Years	7.5%	4.9%
Dividend Per Share Growth—Past 10 Years	9.4%	7.5%
<b>Value</b>		
P/E Ratio—Trailing 12 Months	29.5 x	37.8 x
Dividend Yield	1.7%	2.0%
<b>Market Characteristics</b>		
\$ Weighted Average Market Cap	\$3.3 B	\$3.3 B
Largest Market Cap	\$13.4 B	\$7.9 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.**

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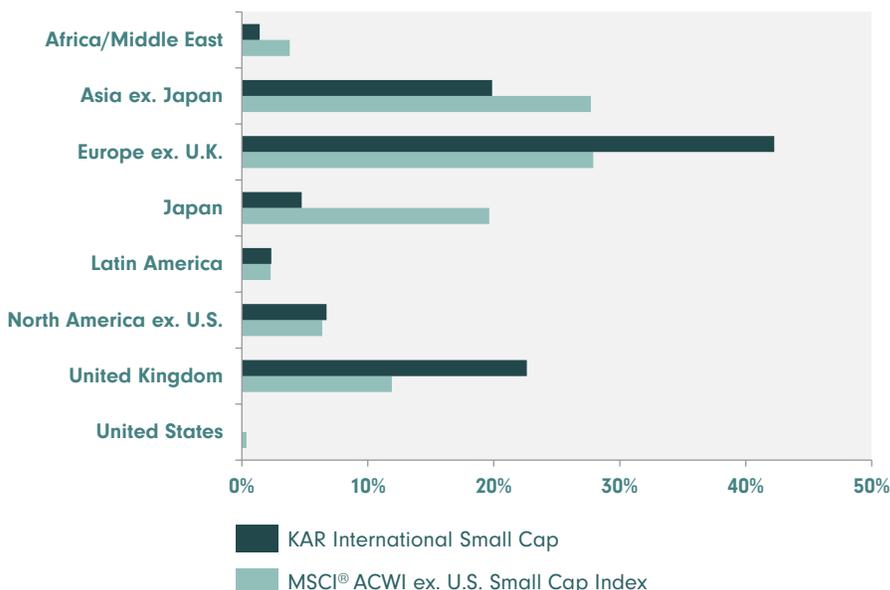
## Developed vs. Emerging Markets

As of March 31, 2021

	Percent of equity (%)
Developed Markets	79.1
Emerging Markets	20.9
<b>Total</b>	<b>100.0</b>

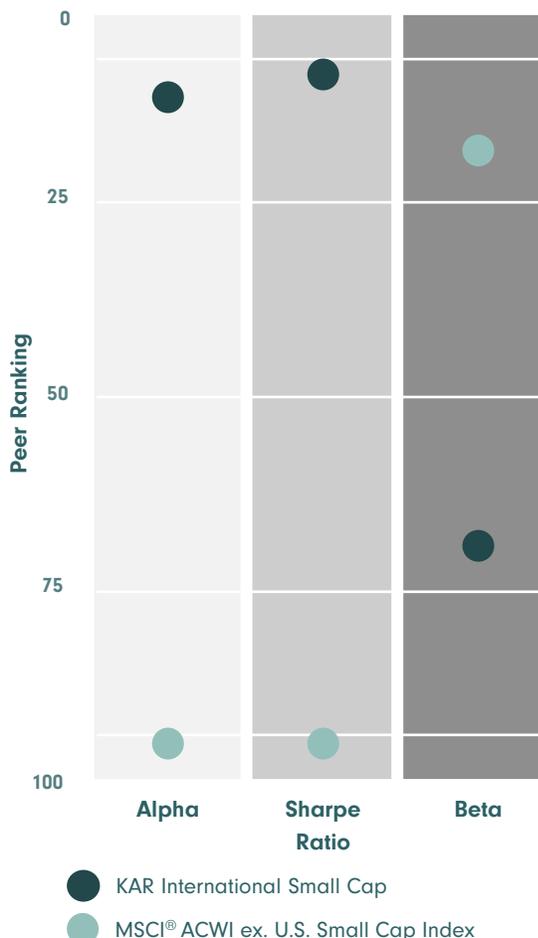
## Geographical Exposure

As of March 31, 2021



## Peer Comparison Chart

Inception\* to March 31, 2021



## Historical Returns

	KAR International Small Cap (gross)	KAR International Small Cap (net) <sup>‡</sup>	MSCI ACWI ex. U.S. Small Cap Index
<b>Annualized Returns (%)<sup>†</sup></b>			
As of March 31, 2021			
1 <sup>st</sup> Quarter	0.50	0.25	5.53
One Year	69.45	67.83	69.82
Three Years	13.60	12.48	6.61
Five Years	19.28	18.11	10.40
Seven Years	12.55	11.45	6.67
Inception*	16.21	15.08	9.46
<b>Annual Returns (%)</b>			
2020	25.94	24.70	14.24
2019	29.47	28.21	22.42
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

<sup>†</sup>All periods less than one year are total returns and are not annualized. Returns are preliminary.

<sup>‡</sup>Net of all fees and expenses. Assumes a 1% annual fee.

<sup>§</sup>Performance statistics are based on gross of fee returns.

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, 2021

	KAR International Small Cap <sup>§</sup>	MSCI ACWI ex. U.S. Small Cap Index
Alpha	7.04	0.00
Upside Capture %	107.89	100.00
Sharpe Ratio	1.02	0.56
Information Ratio	1.22	N/A
Beta	0.91	1.00
Downside Capture %	73.85	100.00

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### Disclosure

Year	Composite Gross Return (%)	Composite Net Return (%)	MSCI® ACWI ex. U.S.A. Small Cap Index (net) Return (%)	Composite 3-Yr Std Dev (%)	Benchmark 3-Yr Std Dev (%)	Number of Accounts	Internal Dispersion (%)	Composite Assets (\$ Millions)	Firm Assets (\$ Millions)
2012	24.87	23.66	18.52	N/A	N/A	< 5	N/A	4	6,545
2013	32.42	31.16	19.73	N/A	N/A	< 5	N/A	43	7,841
2014	(1.92)	(2.91)	(4.03)	11.99	13.33	< 5	N/A	42	7,989
2015	(0.28)	(1.25)	2.60	12.02	11.49	< 5	N/A	46	8,095
2016	22.81	21.61	3.91	13.26	12.31	< 5	N/A	55	9,989
2017	30.29	29.02	31.65	13.01	11.69	< 5	N/A	324	14,609
2018	(5.33)	(6.28)	(18.20)	12.39	12.52	< 5	N/A	905	17,840
2019	29.47	28.21	22.42	10.78	11.77	< 5	N/A	2112	25,685

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

KAR (as defined below) claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS® standards. KAR has been independently verified for the period from January 1, 1999 through December 31, 2019.

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, 2019. The verification and performance examination reports are available upon request.

Kayne Anderson Rudnick Investment Management, LLC ("KAR"), 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. KAR 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.

Non-fee-paying portfolios represent 100% of the composite assets at year-end 2012, 12% at year-end from 2013 through 2014, 7% at year-end from 2015 through 2016, 1.5% at year-end 2017, and < 1% at year-end 2018.

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.