

## Global Dividend Yield Portfolio

First Quarter 2022

### Portfolio Review

The Global Dividend Yield portfolio outperformed the MSCI World High Dividend Yield Index in the first quarter. Good stock selection in industrials and good stock selection and an overweight in communication services contributed positively to performance. Poor stock selection in materials and poor stock selection and an underweight in health care detracted from performance.

The biggest contributors to performance during the quarter were BAE Systems and Omnicom Group. The war in Ukraine triggered many European countries to spend more on defense than they have in the past. We believe BAE Systems is well positioned to provide countries the products and services they require. This environment has produced strong results and stronger-than-expected free cash flow generation. Omnicom Group is benefitting from a cyclical upswing in economic activity related to COVID with increased spend in digital advertising and other changes in media habits that contributed to strong expectations for 2022. Other top contributors included BCE, AbbVie, and Patterson.

The biggest detractors to performance were Leggett & Platt and Pfizer. Leggett & Platt's lower-end bedding was negatively impacted by inflation and reduced government stimulus for consumers. The company is also managing headwinds related to its exposure to the auto and aerospace industries. After strong performance last year driven by the company's COVID vaccine, Pfizer experienced some weakness early this year. Other bottom contributors included Adecco, Unilever, and Sonic Healthcare.

### Outlook

The U.S. is in a position of strength economically even creating excess demand currently, but interest rate increases have already affected mortgage rates, car loans, and lease rates here in the U.S. Unless the Fed wants to throw us into a recession (yield curve inversion), the current future shape of the yield curve may prevent as much of an increase in short-term interest rates than what the market is already anticipating. The inflation outlook was particularly cloudy with COVID-19 getting better globally, but the Russian invasion of Ukraine was a clear negative for inflation. Overall, we believe inflation is likely to stay elevated and above the Fed's target for this year at least. However, comparisons of year-over-year inflation do get easier as we move forward. If the trend is headed in the right direction of moderating inflation, the markets may react positively to this development. We will continue to hunt for investment ideas that in our view meet our quality investment philosophy in all sectors of the economy. When inflationary trends begin to moderate, we believe quality companies will become more interesting to investors. Geopolitical risks are clearly still elevated and will continue to be monitored closely.

### Purchases and Sales

New Purchases	Complete Sales
AbbVie	Johnson & Johnson
Flowers Foods	Paychex
Orkla	Tate & Lyle
Safety Insurance Group	Watsco
TotalEnergies	

### 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
<b>Douglas S. Foreman, CFA</b> Chief Investment Officer	36
<b>Richard Sherry, CFA</b> Portfolio Manager + Senior Research Analyst	24
<b>Chris Armbruster, CFA</b> Senior Research Analyst	17
<b>Noran Eid</b> Research Analyst	9

### Top 10 Holdings

As of March 31, 2022

Company	Percent of equity (%)
BCE	5.2
BAE Systems	5.0
Omnicom Group	4.2
Southern Company	3.9
International Business Machines	3.8
Amcor	3.8
Spark New Zealand	3.8
Royal Bank of Canada	3.7
Fortis	3.7
Verizon	3.4
<b>Total</b>	<b>40.6</b>

*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.***

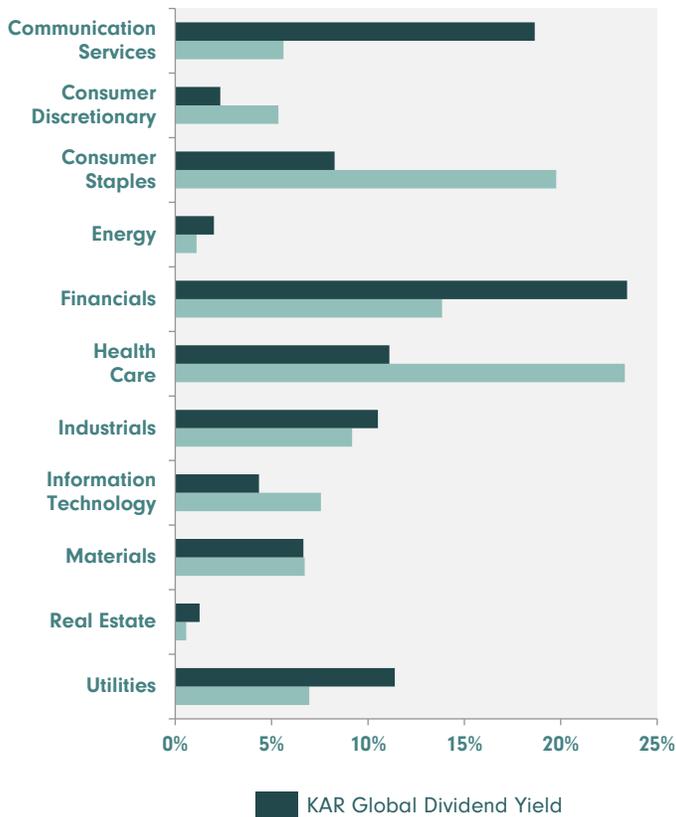
## Investment Process: Discovering Quality

Development of High-Quality Universe	Proprietary Fundamental Research	Portfolio Construction	Sell Discipline
<p><b>KAR Universe</b></p> <p><b>Typical Quantitative Screens</b></p> <ul style="list-style-type: none"> <li>Investment-grade balance sheet</li> <li>Market cap &gt; \$1.0 billion</li> <li>5-year average ROE &gt; 7.5%</li> <li>No dividend cut last five years</li> </ul> <p><b>Other Resources</b></p> <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>	<p><b>Qualitative Analysis</b></p> <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> <p><b>Financial Analysis</b></p> <ul style="list-style-type: none"> <li>Evaluate basis for profitability, long-term growth potential, and ability to allocate capital appropriately</li> </ul> <p><b>Valuation Analysis</b></p> <ul style="list-style-type: none"> <li>Determine the current and potential value of the business</li> </ul>	<p><b>Position Weights</b></p> <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> <p><b>Sector Tolerances</b></p> <ul style="list-style-type: none"> <li>Seek broad diversification, but no sector constraints</li> </ul> <p><b>Holding Period</b></p> <ul style="list-style-type: none"> <li>Typically 3-to-5 years, but is often longer</li> <li>Portfolio turnover is typically 25% to 35%</li> </ul> <p><b>Cash Levels</b></p> <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>	<p><b>Potential dividend cut</b></p> <p><b>Balance sheet deterioration</b></p> <p><b>Inability to cover dividend via internal cash generation over medium-to-long term</b></p>

High Yield | Market Return | Low Risk

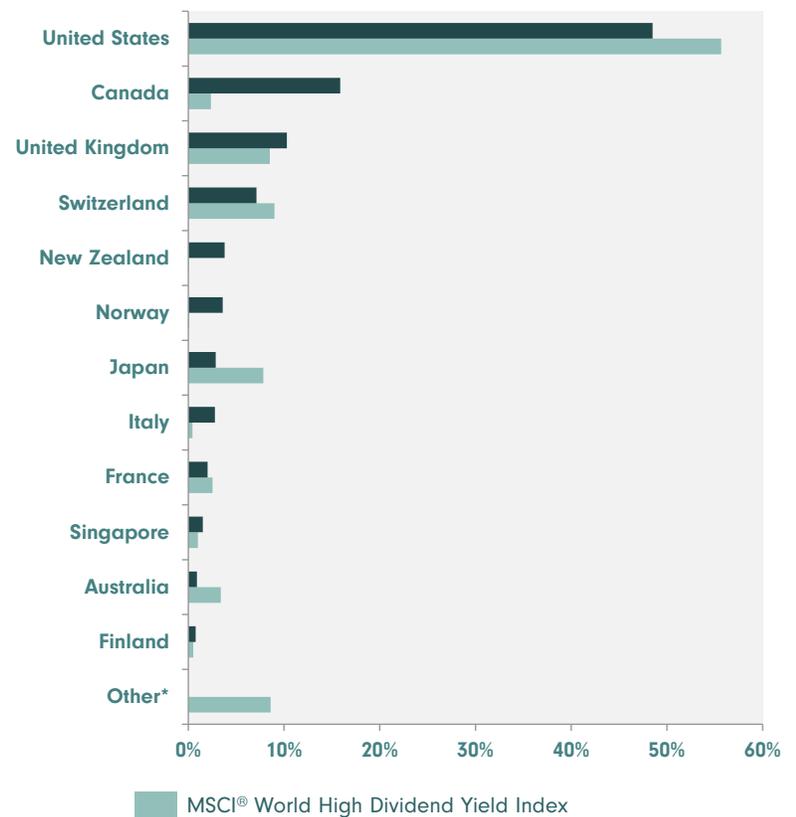
## Sector Diversification

As of March 31, 2022



## Geographical Exposure

As of March 31, 2022



\* "Other" is comprised of securities held in countries within the benchmark which are not held in our representative portfolio. The countries include Austria, Belgium, Denmark, Germany, Hong Kong, Ireland, Netherlands, Norway, Spain and Sweden.  
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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First Quarter 2022

## Portfolio Characteristics

As of March 31, 2022

	KAR Global Dividend Yield	MSCI® World High Dividend Yield Index
<b>Quality</b>		
Return on Equity—Past 5 Years	23.2%	22.0%
Debt Coverage	6.9 x	7.9 x
<b>Growth</b>		
Earnings Per Share Growth—Past 5 Years	4.7%	8.6%
Dividend Per Share Growth—Past 5 Years	5.0%	8.7%
<b>Value</b>		
Dividend Yield	4.3%	3.5%
<b>Market Characteristics</b>		
Dividend Payout Ratio—5 Year Average	71.3%	61.0%
\$ Weighted Average Market Cap	\$74.7 B	\$141.4 B
Largest Market Cap	\$288.8 B	\$466.7 B
Beta—Since Inception*	0.89	1.00

## Historical Returns

	KAR Global Dividend Yield (gross)	KAR Global Dividend Yield (net) <sup>†</sup>	MSCI® World High Dividend Yield Index
<b>Annualized Returns (%)<sup>†</sup></b>			
As of March 31, 2022			
1 <sup>st</sup> Quarter	2.11	1.86	0.23
One Year	10.42	9.33	9.41
Three Years	7.21	6.15	9.01
Five Years	7.15	6.09	8.07
Seven Years	7.06	6.00	7.39
Ten Years	8.89	7.81	8.22
Inception*	9.33	8.25	8.54
<b>Annual Returns (%)</b>			
2021	14.13	13.00	15.83
2020	(5.62)	(6.56)	(0.03)
2019	23.44	22.23	23.15
2018	(4.13)	(5.09)	(7.56)
2017	14.57	13.44	18.14
2016	12.22	11.11	9.29
2015	(3.51)	(4.47)	(3.20)
2014	12.36	11.25	2.48
2013	22.35	21.16	21.91
2012	12.36	11.25	12.24

\*January 1, 2012

<sup>†</sup>All periods less than one year are total returns and are not annualized. Returns are preliminary. Returns could be reduced, or losses incurred, due to currency fluctuations.

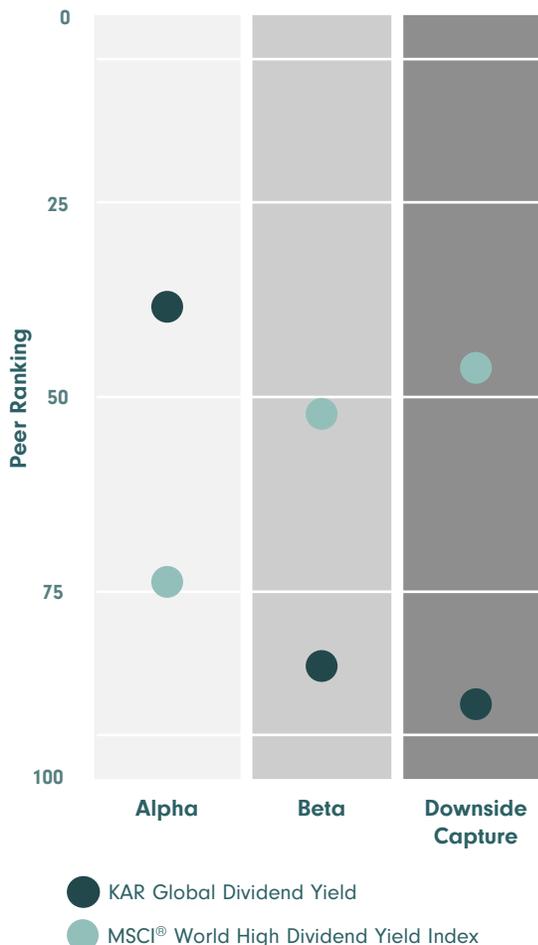
<sup>‡</sup>Net of all fees and expenses. Assumes a 0.70% annual fee. Fees presented on the Disclosure page could vary from the assumed fee in the net-of-fee calculation, as actual fees paid by a particular client account differ depending on a variety of factors including, but not limited to, business unit and size of mandate. The fee used on the Disclosure page utilizes an assumed maximum fee across the firm's business units, which is further detailed on that page.

<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. 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 March 31, 2022



## Performance Statistics

Inception\* to March 31, 2022

	KAR Global Dividend Yield <sup>§</sup>	MSCI® World High Dividend Yield Index
Annualized Standard Deviation	11.59	12.06
Alpha	1.64	0.00
Beta	0.89	1.00
Sharpe Ratio	0.76	0.66
R-Squared	85.32	100.00

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### Disclosure

Year	Composite Gross Return (%)	Composite Net Return (%)	MSCI® World High Dividend Yield Index (net) Return (%)	Composite 3-Yr Std Dev (%)	Benchmark 3-Yr Std Dev (%)	Number of Accounts	Internal Dispersion (%)	Composite Assets (\$ Millions)	Total Firm Assets (\$ Millions)
2012	12.36	11.25	12.24	N/A	N/A	< 5	N/A	< 1	6,545
2013	22.35	21.16	21.91	N/A	N/A	5	N/A	2	7,841
2014	12.36	11.25	2.48	8.95	10.59	24	0.29	14	7,989
2015	(3.51)	(4.47)	(3.20)	10.15	11.32	44	0.82	33	8,095
2016	12.22	11.11	9.29	9.32	10.61	61	0.82	332	9,989
2017	14.57	13.44	18.14	8.00	9.59	221	0.38	128	14,609
2018	(4.13)	(5.09)	(7.56)	8.23	9.14	234	0.47	111	17,840
2019	23.44	22.23	23.15	8.62	9.80	268	0.67	144	25,685
2020	(5.62)	(6.56)	(0.03)	16.60	15.91	277	1.31	123	39,582

The MSCI® World High Dividend Yield 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, 2020.

A firm that claims compliance with the GIPS standards must establish policies and procedures for complying with all the applicable requirements of the GIPS standards. Verification provides assurance on whether the firm's policies and procedures related to composite, as well as the calculation, presentation, and distribution of performance, have been designed in compliance with the GIPS standards and have been implemented on a firm-wide basis. The Global Dividend Yield Composite has had a performance examination for the period from January 1, 2014 through December 31, 2020. The verification and performance examination reports are available upon request.

GIPS® is a registered trademark of CFA Institute. CFA Institute does not endorse or promote this organization, nor does it warrant the accuracy or quality of the content contained herein.

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 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 (net). 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 inception date of the composite is January 2012. The composite was created in January 2012. Policies for valuing investments, calculating performance, and preparing GIPS Reports are available upon request. The firm's list of composite descriptions, list of broad distribution pooled fund and the list of limited distribution pooled funds descriptions are available upon request.

The model management fee used for the net returns in this table is 1.00% for all periods presented. The standard Institutional 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. The maximum Wealth Advisory Services Fee in effect is 1.30% for all assets, which breaks out as follows: 1.00% for the first \$3 million; 0.80% on the next \$2 million; 0.70% on the next \$5 million; 0.60% on the

balance; with an additional 0.30% for any assets invested in separately managed accounts strategies. The standard investment advisory fee schedule currently in effect for clients not engaging in Wealth Advisory Services is 1.00%. 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.