

Mid Cap Core Portfolio

First Quarter 2022



Manager of the
Decade for the last
6 years (2016 - 2021)

Portfolio Review

The Mid Cap Core portfolio underperformed the Russell Midcap Index in the first quarter. Poor stock selection in consumer discretionary and poor stock selection and an overweight in industrials detracted from performance. An underweight and good stock selection in information technology and an underweight in communication services contributed positively to performance.

From a quality perspective, riskier stocks (as measured by beta greater than 2.0) and companies with higher leverage (as measured by long-term debt/capital greater than 100%) performed better than those companies with lower risk and less leverage. Also, higher dividend paying stocks performed better than those that pay a lower or no dividend during the quarter. All these factors worked as a headwind to our investment strategy.

The biggest contributors to performance during the quarter were W. R. Berkley and Aspen Technology.

- W. R. Berkley reported continued strong premium growth driven by pricing and volumes. Management views the underlying insurance market conditions as favorable for the company's underwriters' ability to write profitable policies. Market participants reacted favorably causing the stock to rise.
- Aspen Technology saw some stabilization in its core petrochemical business over the last few quarters. It has experienced better retention despite contraction in sales. The recent increase in the price of oil also likely improved sentiment for the company's prospects.
- Other top contributors included LPL Financial, Bentley Systems, and Globus Medical.

The biggest detractors from the portfolio were Latham Group and SiteOne Landscape Supply.

- While we view the long-term cost advantage of fiberglass versus traditional pool construction as still intact, the current inflationary environment has suppressed the margin of Latham's business as the company works through its backlog. The existing backlog will also lag on margins if raw material inflation persists, as it has during the current period. This contrasts with investors' expectation of improving margins at the time of its IPO in Q2 2021. Nevertheless, we believe as commodity inflation subsides the company may continue to see new order growth that is likely to carry higher margins as pricing can be adjusted at a faster pace. There is also opportunity for the fiberglass pool industry to gain faster penetration in the U.S. as it has experienced in other developed markets, such as Australia, Spain, and France.
- SiteOne Landscape Supply has experienced solid results over time. However, this quarter investors rotated away from high performers and there was a sharper decline among consumer discretionary stocks due to worries about the economic cycle.
- Other bottom contributors included Zebra Technologies, Azenta, and Dolby Laboratories.

Purchases and Sales

During the quarter, we purchased Domino's Pizza and sold Amphenol and Tractor Supply.

- Domino's Pizza was founded in 1960 and has become the largest pizza chain in the world based on global retail sales. Additionally, Domino's has over 29 million active members in its customer loyalty program. The company's footprint consists of 18,300 stores in over 90 markets.
- We sold our shares in Amphenol to fund an increase in Bentley Systems. We believe the long-term growth prospects for Bentley are higher than that of Amphenol.
- Tractor Supply experienced strong growth during the pandemic as its rural-centric customer base was less impacted by stay-at-home restrictions due to the COVID-19 pandemic and initiatives by management to improve its omni-channel strategy paid off. As we slowly move on from the pandemic, we believe the competitive retail environment should heighten and the gains that Tractor Supply has made could see headwinds. We sold our position to invest in Domino's Pizza which we believe offers a solid long-term growth path.

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.

Portfolio Highlights

Style: Mid Cap
Sub-Style: Core
Index: Russell Midcap®
Portfolio Inception: 2000
Portfolio Assets: \$2,572.8 M*
Portfolio Turnover: 25%–35%

Investment Management Team

Name	Years of research experience
Douglas S. Foreman, CFA Chief Investment Officer	36
Jon Christensen, CFA Portfolio Manager + Senior Research Analyst	27
Craig Stone Portfolio Manager + Senior Research Analyst	33
Todd Bailey, CFA Senior Research Analyst	23
Julie Biel, CFA Senior Research Analyst	14
Julie Kutsov Senior Research Analyst	21
Chris Wright, CFA Senior Research Analyst	10
Sean Dixon Research Analyst	14
Adam Xiao, CFA Research Analyst	9

Top Five Holdings

As of March 31, 2022

Company	Percent of equity (%)
AMETEK	5.5
Aspen Technology	5.5
Globus Medical	5.0
West Pharmaceutical Services	4.8
Azenta	4.5
Total	25.3

* Figures in USD

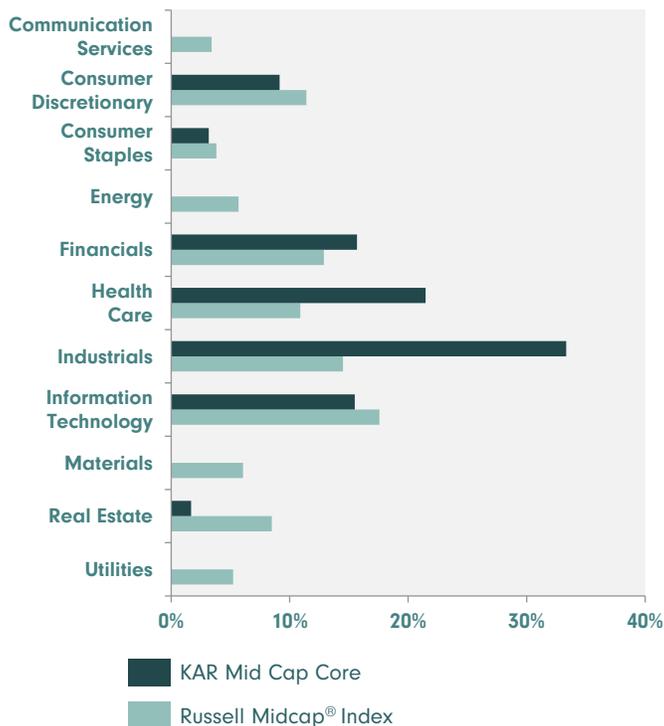
This report is based on the assumptions and analysis made and believed to be reasonable by Advisor. However, no assurance can be given that Advisor's opinions or expectations will be correct. This report is intended for informational purposes only and should be not considered a recommendation or solicitation 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
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 	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 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 	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 March 31, 2022



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, 2022

	KAR Mid Cap Core	Russell Midcap Index
Quality		
Return on Equity—Past 5 Years	21.0%	15.5%
Total Debt/EBITDA	3.8 x	4.1 x
Earnings Variability—Past 10 Years	39.0%	64.8%
Growth		
Earnings Per Share Growth—Past 5 Years	15.7%	13.5%
Earnings Per Share Growth—Past 10 Years	14.4%	9.7%
Dividend Per Share Growth—Past 5 Years	9.4%	6.0%
Dividend Per Share Growth—Past 10 Years	8.9%	9.0%
Capital Generation—{ROE x (1-Payout)}	15.6%	11.1%
Value		
P/E Ratio—Trailing 12 Months	29.9 x	24.5 x
Dividend Yield	0.7%	1.4%
Free Cash Flow Yield*	2.9%	3.3%
Market Characteristics		
\$ Weighted Average Market Cap—3-Year Avg.	\$15.2 B	\$19.3 B
Largest Market Cap—3-Year Avg.	\$47.7 B	\$62.5 B
Annualized Standard Deviation—Since Inception [†]	14.7%	17.2%

*Free cash flow data is as of December 31, 2021. Prices are as of March 31, 2022. Excludes financials.

[†]January 1, 2000

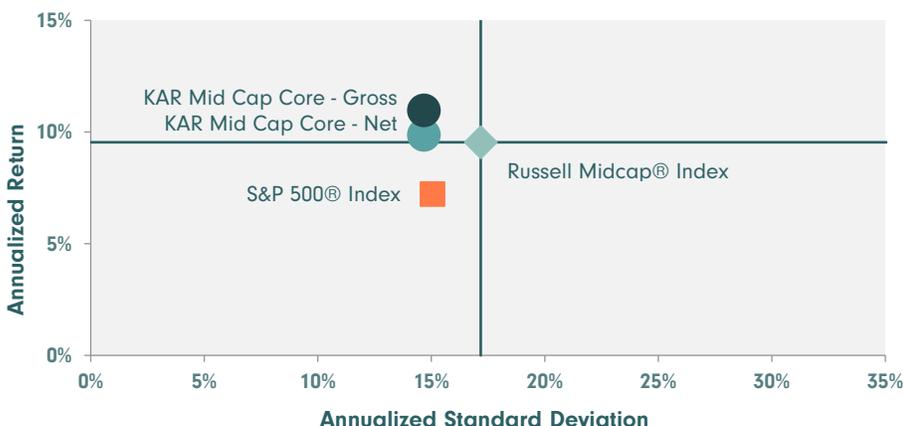
This material is deemed supplemental and complements the performance and disclosure at the end of this presentation. Data is obtained from FactSet Research Systems and BNY Mellon and is assumed to be reliable. Other principal consultant firms may use different algorithms to calculate selected statistics. Estimates are based on certain assumptions and historical information. **Past performance is no guarantee of future results.** Returns could be reduced, or losses incurred, due to currency fluctuations.

Mid Cap Core Portfolio

First Quarter 2022

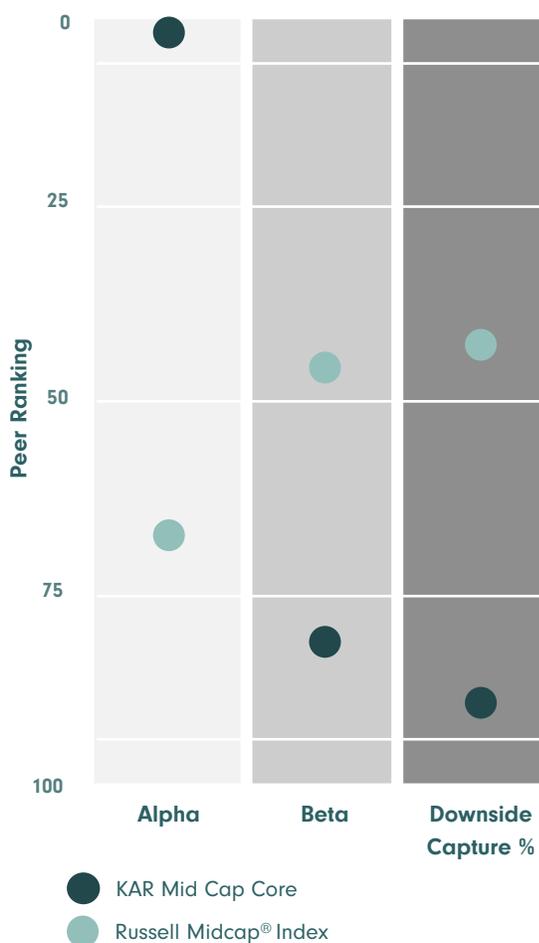
Strong Risk-Adjusted Returns

Inception* to March 31, 2022



Peer Comparison Chart

Ten Years Ending March 31, 2022



Historical Returns

	KAR Mid Cap Core (gross)	KAR Mid Cap Core (net) [‡]	Russell Midcap [®] Index
Annualized Returns (%)[†]			
As of March 31, 2022			
1 st Quarter	(11.38)	(11.62)	(5.68)
One Year	6.08	5.03	6.92
Three Years	18.22	17.05	14.89
Five Years	16.78	15.63	12.62
Seven Years	14.02	12.90	10.68
Ten Years	15.46	14.32	12.85
Inception*	10.97	9.87	9.54
Annual Returns (%)			
2021	26.42	25.19	22.58
2020	27.08	25.84	17.10
2019	32.17	30.88	30.54
2018	(3.21)	(4.17)	(9.06)
2017	26.13	24.90	18.52
2016	12.32	11.21	13.80
2015	3.37	2.34	(2.44)
2014	18.17	17.01	13.22
2013	28.54	27.29	34.76
2012	16.58	15.44	17.28
2011	4.52	3.48	(1.55)
2010	20.23	19.05	25.48
2009	21.11	19.93	40.48
2008	(28.63)	(29.36)	(41.46)
2007	6.45	5.40	5.60
2006	13.05	11.94	15.26
2005	8.86	7.78	12.65
2004	15.23	14.10	20.22
2003	26.72	25.48	40.06
2002	(12.62)	(13.50)	(16.19)
2001	(2.76)	(3.74)	(5.62)
2000	21.54	20.35	8.25

Performance Statistics

Inception* to March 31, 2022

	KAR Mid Cap Core [§]	Russell Midcap [®] Index
Annualized Standard Deviation	14.67	17.18
Alpha	2.81	0.00
Beta	0.79	1.00
Sharpe Ratio	0.64	0.47
R-Squared	86.11	100.00

*January 1, 2000

[†]All periods less than one year are total returns and are not annualized. Returns are preliminary. [‡]Net of all fees and expenses. Assumes a 0.75% 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.

[§]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 Mid Cap Core Universe includes all managers categorized in the mid 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.** Returns could be reduced, or losses incurred, due to currency fluctuations.

Mid Cap Core Portfolio

First Quarter 2022

Disclosure

Year	Composite Gross Return (%)	Composite Net Return (%)	Russell Midcap® Index Return (%)	Composite 3-Yr Std Dev (%)	Benchmark 3-Yr Std Dev (%)	Number of Accounts	Internal Dispersion (%)	Composite Assets (\$ Millions)	Firm Assets (\$ Millions)
2011	4.52	3.48	(1.55)	17.51	21.86	14	0.26	10	5,232
2012	16.58	15.44	17.28	15.39	17.44	15	0.18	11	6,545
2013	28.54	27.29	34.76	12.53	14.23	15	0.48	15	7,841
2014	18.17	17.01	13.22	10.29	10.29	12	0.13	17	7,989
2015	3.37	2.34	(2.44)	11.96	11.00	15	0.44	40	8,095
2016	12.32	11.21	13.80	12.31	11.72	22	0.36	79	9,989
2017	26.13	24.90	18.52	10.76	10.51	72	0.23	170	14,609
2018	(3.21)	(4.17)	(9.06)	11.33	12.15	181	0.30	352	17,840
2019	32.17	30.88	30.54	12.49	13.08	323	0.39	700	25,685
2020	27.08	25.84	17.10	18.88	22.13	362	1.03	1,214	39,582

The Russell Midcap® Index and Russell 1000® Index are trademarks/service marks of Frank Russell Company. Russell® is a trademark of Frank Russell Company.

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 Mid Cap Core Composite has had a performance examination for the period from January 1, 2000 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 Mid Cap Core Portfolios. Mid Cap Core Portfolios are invested in equity securities with market capitalizations consistent with the Russell Midcap® 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 Midcap® Index. The Russell Midcap® Index is a market capitalization-weighted index of the 800 smallest companies in the Russell 1000® Index, which comprises the 1,000 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 inception date of the composite is January 2000. The composite was created in January 2000. 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.

As of January 1, 2011, the composite was redefined to include both institutional and mutual fund [or pooled] accounts.

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: 0.75% for the first \$25 million; 0.65% on the next \$25 million; 0.55% on the next \$50 million; 0.50% 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 measures the variability of the composite (using gross returns) and the benchmark for the 36-month period.