

Small Cap Core Portfolio

First Quarter 2022



Manager of the
Decade for the last
7 years (2015 - 2021)

Portfolio Review

The Small Cap Core portfolio underperformed the Russell 2000 Index in the first quarter. Poor stock selection in industrials and an underweight in energy detracted from performance. Good stock selection in information technology and an underweight in health care 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 Dril-Quip and Aspen Technology. Rising energy prices and warming sentiment toward increasing global crude oil production amid Russia's invasion of Ukraine pushed Dril-Quip's shares higher during the quarter. Aspen Technology saw some slowing of its business as a result of weaker demand from oil and gas clients. That business has stabilized and improved over the last twelve months. Additionally, the company is finding some new success in other verticals. We believe having more diverse end markets that are less dependent on commodity markets should be a positive for the company. Other top contributors included Jack Henry & Associates, Teledyne Technologies, and FTI Consulting.

The biggest detractors from performance during the quarter were Watts Water Technologies and Acushnet. In the current inflationary environment, Watts Water Technologies continues to positively offset cost inflation with pricing. We believe the company's differentiated product portfolio will continue to allow the company to do so. However, in the short-term, we have seen the company's margins moderated primarily due to cost normalization, incentives, and investments. Acushnet has benefitted from the COVID pandemic as people have sparked a renewed or a new interest in golf evidenced by the increase in the number of rounds played. However, we believe near-term uncertainty in the resilience of renewed player participation in the game has likely weighed on the performance of the stock. Other bottom contributors included Rightmove, Simpson Manufacturing, and CorVel.

Purchases and Sales

During the quarter, we purchased CorVel. There were no complete sales. Founded in 1987, CorVel provides medical cost containment services primarily to the workers' compensation market. Services include third party administration, medical bill review, PPO network, case management, and independent medical examination tied together through a technology platform linking employers, employees, health care providers, third party administrators (TPAs), and insurance carriers in a manner that integrates case management data and removes administrative costs and delays.

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: Small Cap
Sub-Style: Core
Index: Russell 2000®
Portfolio Inception: 1992
Portfolio Assets: \$9,847.0 M*
Portfolio Turnover: 25%–35%

Investment Management Team

Name	Years of research experience
Douglas S. Foreman, CFA Chief Investment Officer	36
Todd Bailey, CFA Portfolio Manager + Senior Research Analyst	23
Jon Christensen, CFA Portfolio Manager + Senior Research Analyst	27
Julie Biel, CFA Senior Research Analyst	14
Julie Kutsov Senior Research Analyst	21
Craig Stone Senior Research Analyst	33
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 (%)
FTI Consulting	6.9
EMCOR Group	5.2
Aspen Technology	5.1
First Hawaiian	4.8
Manhattan Associates	4.7
Total	26.7

*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

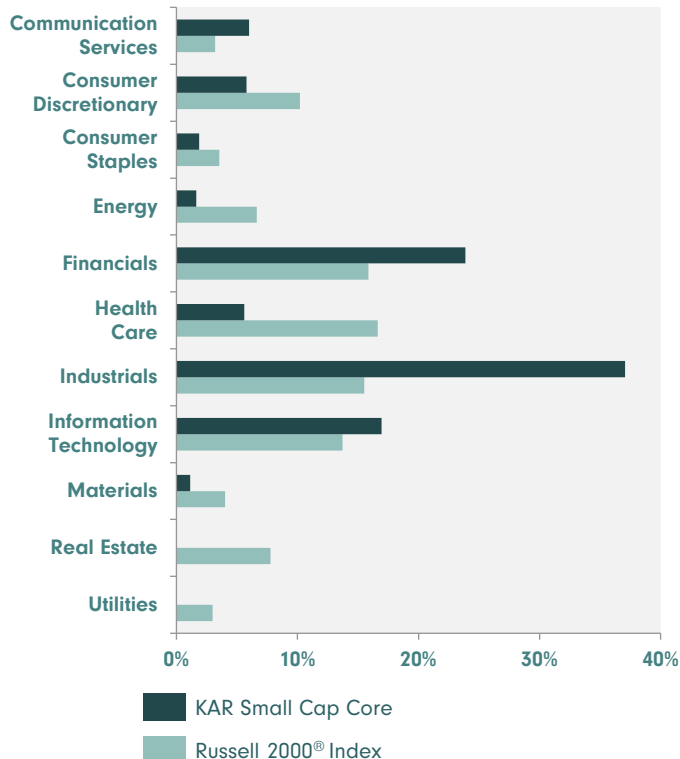
Higher Quality

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 Small Cap Core	Russell 2000® Index
Quality		
Return on Equity—Past 5 Years	24.2%	8.1%
Total Debt/EBITDA	1.3 x	4.6 x
Earnings Variability—Past 10 Years	27.2%	85.5%
Growth		
Earnings Per Share Growth—Past 10 Years	14.1%	8.8%
Dividend Per Share Growth—Past 10 Years	13.0%	5.4%
Capital Generation—{ROE x (1-Payout)}	18.1%	6.6%
Value		
P/E Ratio—Trailing 12 Months	21.4 x	36.1 x
Dividend Yield	1.2%	1.2%
Free Cash Flow Yield*	3.3%	1.5%
Market Characteristics		
\$ Weighted Average Market Cap—3-Year Avg.	\$7.7 B	\$2.9 B
Largest Market Cap—3-Year Avg.	\$18.2 B	\$13.8 B
Annualized Standard Deviation—Since Inception†	15.2%	19.1%

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

†April 1, 1992

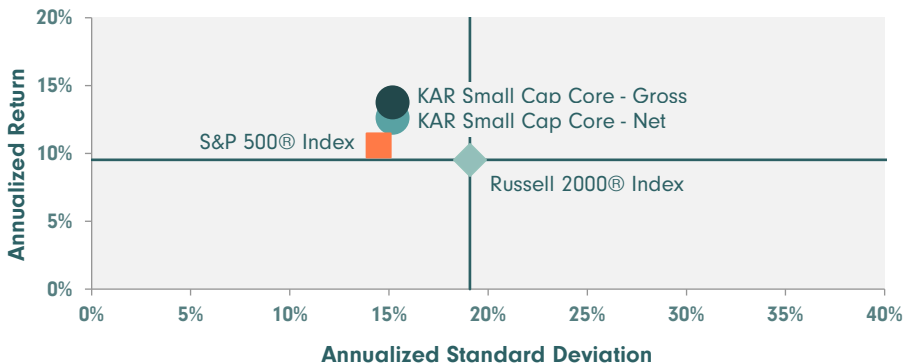
This material is deemed supplemental and complements the performance and disclosure at the end of this presentation. Data is obtained from FactSet Research Systems and BNY Mellon and is assumed to be reliable. Other principal consultant firms may use different algorithms to calculate selected statistics. 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.

Small Cap Core Portfolio

First Quarter 2022

Strong Risk-Adjusted Returns

Inception* to March 31, 2022

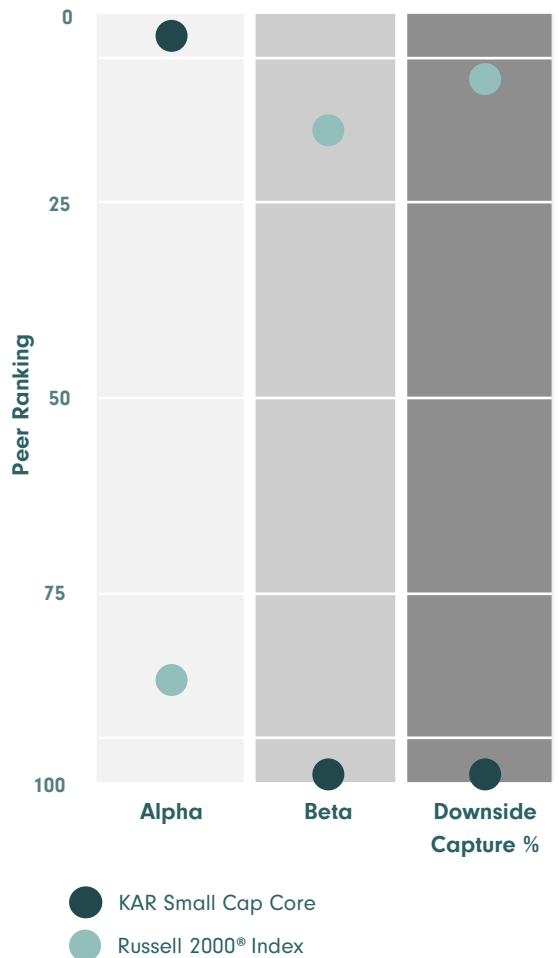


Historical Returns

	KAR Small Cap Core (gross)	KAR Small Cap Core (net) [†]	Russell 2000 [®] Index
Annualized Returns (%)[†]			
As of March 31, 2022			
1 st Quarter	(9.08)	(9.32)	(7.53)
One Year	1.65	0.64	(5.79)
Three Years	15.82	14.68	11.74
Five Years	19.17	18.00	9.74
Seven Years	16.90	15.75	8.87
Ten Years	15.96	14.81	11.04
Inception*	13.76	12.64	9.52
Annual Returns (%)			
2021	19.24	18.07	14.82
2020	23.17	21.96	19.96
2019	40.88	39.51	25.52
2018	(0.83)	(1.82)	(11.01)
2017	36.61	35.29	14.65
2016	19.10	17.93	21.31
2015	2.37	1.35	(4.41)
2014	7.51	6.44	4.89
2013	30.10	28.83	38.82
2012	13.42	12.30	16.35
2011	10.14	9.05	(4.18)
2010	25.00	23.78	26.85
2009	32.09	30.80	27.17
2008	(27.64)	(28.38)	(33.79)
2007	3.16	2.14	(1.57)
2006	13.43	12.31	18.37
2005	7.78	6.72	4.55
2004	23.37	22.16	18.33
2003	34.34	33.04	47.25
2002	(12.74)	(13.62)	(20.48)
2001	6.16	5.11	2.49
2000	21.38	20.19	(3.02)
1999	6.09	5.04	21.26
1998	21.39	20.20	(2.55)
1997	20.82	19.64	22.36
1996	27.00	25.76	16.49
1995	17.47	16.32	28.45
1994	2.75	1.73	(1.82)
1993	20.00	18.83	18.88
1992	9.65	8.84	10.16

Peer Comparison Chart

Ten Years Ending March 31, 2022



Performance Statistics

Inception* to March 31, 2022

	KAR Small Cap Core [§]	Russell 2000 [®] Index
Annualized Standard Deviation	15.17	19.08
Alpha	5.96	0.00
Beta	0.69	1.00
Sharpe Ratio	0.75	0.38
R-Squared	75.86	100.00

*April 1, 1992

[†]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.

[‡]Net of all fees and expenses. Assumes a 1% 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.

^{||}Performance calculations are for the nine months ended December 31, 1992.

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 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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First Quarter 2022

Disclosure

Year	Composite Gross Return (%)	Composite Net Return (%)	Russell 2000® Index Return (%)	Composite 3-Yr Std Dev (%)	Benchmark 3-Yr Std Dev (%)	Number of Accounts	Internal Dispersion (%)	Composite Assets (\$ Millions)	Firm Assets (\$ Millions)
2011	10.14	9.08	(4.18)	20.61	25.34	88	0.67	362	5,232
2012	13.42	12.29	16.35	15.26	20.48	102	0.33	541	6,545
2013	30.10	28.84	38.82	11.81	16.68	121	1.41	1,018	7,841
2014	7.51	6.43	4.89	9.79	13.31	145	0.24	965	7,989
2015	2.37	1.36	(4.41)	11.28	14.16	157	0.23	1,048	8,095
2016	19.10	17.93	21.31	12.50	15.99	209	0.49	1,303	9,989
2017	36.61	35.29	14.65	11.59	14.11	392	0.70	2,091	14,609
2018	(0.83)	(1.82)	(11.01)	14.03	16.01	557	0.45	2,619	17,840
2019	40.88	39.51	25.52	14.77	15.93	719	0.89	3,692	25,685
2020	23.17	21.96	19.96	19.35	25.63	895	1.02	4,775	39,582

The Russell 2000® Index is a trademark/service mark 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 Small Cap Core Composite has had a performance examination for the period from January 1, 1999 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 discretionary institutional and pooled Small Cap Core Portfolios. Small Cap Core 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. 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 inception date of the composite is April 1992. The composite was created in April 1992. 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.

Prior to December 31, 2010, only non-taxable portfolios are included in the composite. As of January 1, 2011, the composite was redefined to include both taxable and tax-exempt accounts. 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.

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: 1.00% for the first \$25 million; 0.80% on the next \$25 million; 0.70% 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.