

## Equity Income Portfolio

First Quarter 2023

### Portfolio Review

The Equity Income portfolio performed in line with the MSCI USA High Dividend Yield Index in the first quarter. Good stock selection in industrials and good stock selection and an underweight in health care contributed to performance. Poor stock selection and an underweight in information technology and poor stock selection and an overweight in financials detracted from performance.

The biggest contributors to performance during the quarter were Omnicom and BAE Systems. Omnicom continues to see strong revenue growth as the company's customers are not currently reducing marketing and promotion investments. BAE Systems is benefitting from increased military spend in the U.S., Europe, and Australia. Other top contributors included Watsco, Cisco Systems, and United Parcel Service.

The biggest detractors to performance during the quarter were Bank of Hawaii and Pfizer. Despite what we believe is a strong competitive position in Hawaii, Bank of Hawaii's shares suffered from the negativity surrounding regional banks in March. Pfizer's stock was weighed down by concerns about upcoming patent expirations, such as its COVID vaccine, despite a relatively promising pipeline of new drugs and having the capital available to make strategic acquisitions. Other bottom contributors included PNC Financial Services, U.S. Bancorp, and International Business Machines.

### Outlook

Perceived safe havens and quality stocks performed well in the first quarter as investors have continued to grapple with high uncertainty in the market outlook. We came into 2023 with clear consensus among investors that the year would bring at least a mild recession. January data was stronger than expected and the market quickly priced in a "no landing" scenario. February data was somewhat weaker, and the market started to price in a "soft landing" outcome. Then a regional bank crisis emerged, and the market started to price in a "hard landing" scenario. Fortunately, banking fears started to dissipate the last two weeks of the quarter. Multiple cross currents in interest rates, inflation, economic growth, and investor sentiment have made for a difficult forecasting environment for investors. While the short-term outlook is somewhat murky, we believe that the long-term outlook should be attractive. Cash is piling up on the sidelines, investors are generally negative, speculation is absent from equities (IPOs, SPACs, and memes are dormant), and businesses are very cautious in hiring and expansion plans. Historically, these types of conditions have led to meaningful long-term investing outcomes, although it will remain to be seen how markets will respond for the remainder of 2023.

### Purchases and Sales

#### New Purchases

Advance Auto Parts  
Takeda Pharmaceuticals  
United Parcel Service

#### Complete Sales

Leggett & Platt

### Portfolio Highlights

**Style:** Large Cap  
**Index:** MSCI® U.S. 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	37
<b>Richard Sherry, CFA</b> Portfolio Manager + Senior Research Analyst	25
<b>Chris Armbruster, CFA</b> Senior Research Analyst	18
<b>Ekaterina Advena</b> Research Analyst	14
<b>Noran Eid</b> Research Analyst	10

### Top 10 Holdings

As of March 31, 2023

Company	Percent of equity (%)
Zurich Insurance Group	4.7
International Business Machines	4.7
BAE Systems	4.5
AbbVie	4.3
MSC Industrial Direct	4.1
Verizon	4.1
Amcor	3.8
Pfizer	3.4
Southern Company	3.3
T. Rowe Price	3.1
<b>Total</b>	<b>40.1</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. 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.***

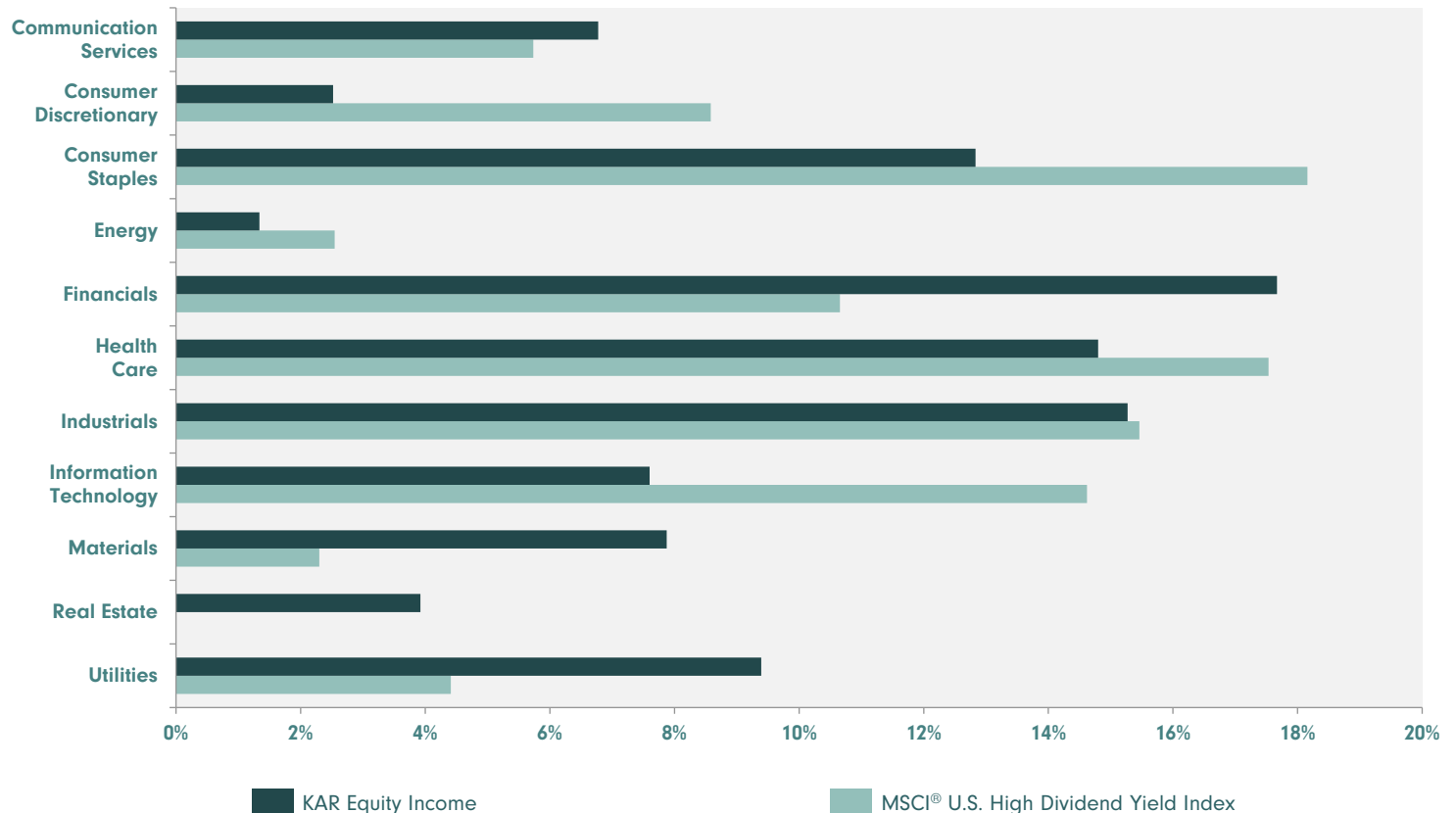
## Investment Process: Discovering Quality

Development of KAR 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 the last five years (under normal market conditions)</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 45%</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, 2023



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## Portfolio Characteristics

As of March 31, 2023

	KAR Equity Income	MSCI® U.S. High Dividend Yield Index
<b>Quality</b>		
Return on Equity—Past 5 Years	21.7%	22.8%
Debt Coverage	7.2 x	9.2 x
<b>Growth</b>		
Earnings Per Share Growth—Past 5 Years	6.5%	13.1%
Dividend Per Share Growth—Past 5 Years	5.9%	9.0%
<b>Value</b>		
Dividend Yield	4.0%	3.1%
<b>Market Characteristics</b>		
Dividend Payout Ratio—5 Year Average	68.0%	59.1%
\$ Weighted Average Market Cap	\$96.3 B	\$149.9 B
Largest Market Cap	\$407.9 B	\$407.9 B

## Historical Returns

	KAR Equity Income (gross)	KAR Equity Income (net) <sup>†</sup>	MSCI® U.S. High Dividend Yield Index
<b>Annualized Returns (%)<sup>†</sup></b>			
As of March 31, 2023			
1 <sup>st</sup> Quarter	(0.93)	(1.08)	(0.95)
One Year	(2.41)	(3.00)	(3.86)
Inception*	11.96	11.29	10.17
<b>Annual Returns (%)</b>			
2022	(1.40)	(1.99)	(4.60)
2021	18.49	17.79	20.86
2020 <sup>§</sup>	20.10	19.64	16.14

\*May 1, 2020

<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 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 calculations are for the eight months ended December 31, 2020.

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. 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. 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.

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### Disclosure

Year	Composite Gross Return (%)	Composite Net Return (%)	MSCI® USA High Dividend Yield Index Return (%)	Composite 3-Yr Std Dev (%)	Benchmark 3-Yr Std Dev (%)	Number of Accounts	Internal Dispersion (%)	Composite Assets (\$ Millions)	Total Firm Assets (\$ Millions)
2020*	20.10	19.09	16.14	N/A	N/A	< 5	N/A	235	39,582
2021	18.49	16.98	20.86	N/A	N/A	7	N/A	250	47,269

\*2020 performance numbers in this table reflect the composite inception date of May 1, 2020 through December 31, 2020. The MSCI® USA 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, 2021. The verification reports are available upon request.

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. Verification does not provide assurance on the accuracy of any specific performance report.

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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 Equity Income Portfolios. Equity Income Portfolios are primarily invested in U.S. equity securities of high-quality companies that pay sustainable dividends. For comparison purposes, the composite is measured against the MSCI® USA High Dividend Yield Index (net). The MSCI® USA High Dividend Yield Index is designed to reflect the performance in the MSCI® USA Index (excluding REITs) with higher dividend income and quality characteristics than average dividend yields that are both sustainable and persistent. Benchmark returns are not covered by the report of the independent verifiers. The inception date of the composite is May 2020. The composite was created in May 2020. 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 1.30% for all periods presented. The standard Institutional management fee schedule currently in effect is as follows: 0.60% for the first \$25 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 because 36 monthly composite returns are not available.

#### INDEX DEFINITION

The MSCI® USA High Dividend Yield Index is based on the MSCI USA Index, its parent index, and includes large and mid cap stocks. The index is designed to reflect the performance of equities in the parent index (excluding REITs) with higher dividend income and quality characteristics than average dividend yields that are both sustainable and persistent. The index also applies quality screens and reviews 12-month past performance to omit stocks with potentially deteriorating fundamentals that could force them to cut or reduce dividends. The index is calculated on a total return basis with net dividends reinvested. The index is unmanaged, its returns do not reflect any fees, expenses, or sales charges, and is not available for direct investment.