



Mid Cap Core Portfolio

First Quarter 2025

Portfolio Review

The Mid Cap Core portfolio performed in line with the Russell Midcap Index in the first quarter. Good stock selection and an overweight in financials and good stock selection in information technology contributed positively to performance. Poor stock selection in health care and an underweight in utilities detracted from performance.

The biggest contributors to performance during the quarter were Brown & Brown and HEICO.

- Continued premium increases, the market's embracing of the Brown & Brown's Programs segment offering, and higher contingent commissions supported healthy sales and profit growth.
- Double-digit organic growth in the Flight Support Group and Electronics driven by solid aftermarket part demand led to growth in HEICO's margins.
- Other top contributors included W. R. Berkley, Teledyne Technologies, and Domino's Pizza.

The biggest detractors to performance during the quarter were West Pharmaceutical Services and Ross Stores.

- West Pharmaceutical reported strong year-end results but issued guidance below consensus expectations. Continued destocking in the generics market and the need to invest in automation for innovative autoinjectors, which impacts gross margin, contributed to this. Additionally, the company decided to stop contract manufacturing for two customers due to insufficient returns.
- Ross reported slowing traffic trends, particularly with its core low-to-middle income customer. The company is also undergoing a CEO transition, which is expected to lead to some marginal investment in marketing and the store experience.
- Other bottom contributors included Align Technology, Bentley Systems, and Pentair.

Purchases and Sales

During the quarter, we purchased Hamilton Lane and we sold Aspen Technology.

- Hamilton Lane is a holding company that engages in the provision of private markets investment solutions. The firm works with clients to conceive, structure, build out, manage, and monitor portfolios of private markets funds and direct investments. It also offers the following solutions: customized separate accounts, specialized funds, advisory services, distribution management, and reporting, monitoring, data, and analytics.
- Our initial investment in Aspen Technology was principally based on its cold-storage business, which was highly specialized. While their cold storage unit sales have been very strong, and their outsourced storage revenues have been stable and growing, an unfortunate purchase in another company has had a materially negative impact on financial results and the predictability of the business. This acquisition has drained management's time and focus, while not being central to the operation. Therefore, we exited our position to raise funds for another purchase.

Outlook

The U.S. consumer is feeling far more negative than just a few months ago and business confidence has also declined. Many feel exhausted by higher prices, most notably grocery prices, which have not seen any material relief in terms of inflation. Tariffs, while traditionally a one-time price increase or tax, could have a more long-lasting impact on overall price levels should a global trade war materialize. This could lead to more persistent pressure on wage levels, and changes there could be self-reinforcing, leading to more prolonged inflation. That said, very few have ever struck it rich betting against the U.S. consumer. They have been the backbone of the decade-plus economic expansion we have enjoyed. With employment still quite strong, we do think consumer spending should remain intact, although with perhaps more deterioration for those at lower income levels.

Portfolio Highlights

Style: Mid Cap
Sub-Style: Core
Index: Russell Midcap®
Portfolio Inception: 2000
Portfolio Assets: \$5,943.7 M*
Portfolio Turnover: 25%–35%

Investment Management Team

Name	Research Start Date
Jon Christensen, CFA Portfolio Manager + Senior Research Analyst	1995
Craig Stone Portfolio Manager + Senior Research Analyst	1990
Todd Bailey, CFA Senior Research Analyst	1999
Julie Biel, CFA Senior Research Analyst	2004
Julie Kutasov Senior Research Analyst	2001
Chris Wright, CFA Senior Research Analyst	2012
Adam Xiao, CFA Senior Research Analyst	2013
Tyler Cantarano Research Analyst	2017
Sean Dixon Research Analyst	2008
Luke Longinotti, CFA Governance & Sustainability Analyst	2020
Arthur Su, CFA Research Analyst	2015
Clarissa Ali Associate Research Analyst	2023

Top Five Holdings

As of March 31, 2025

Company	Percent of equity (%)
AMETEK	6.2
Houlihan Lokey	5.1
HEICO	5.1
Teledyne Technologies	4.9
Brown & Brown	4.3
Total	25.5

* Figures in USD

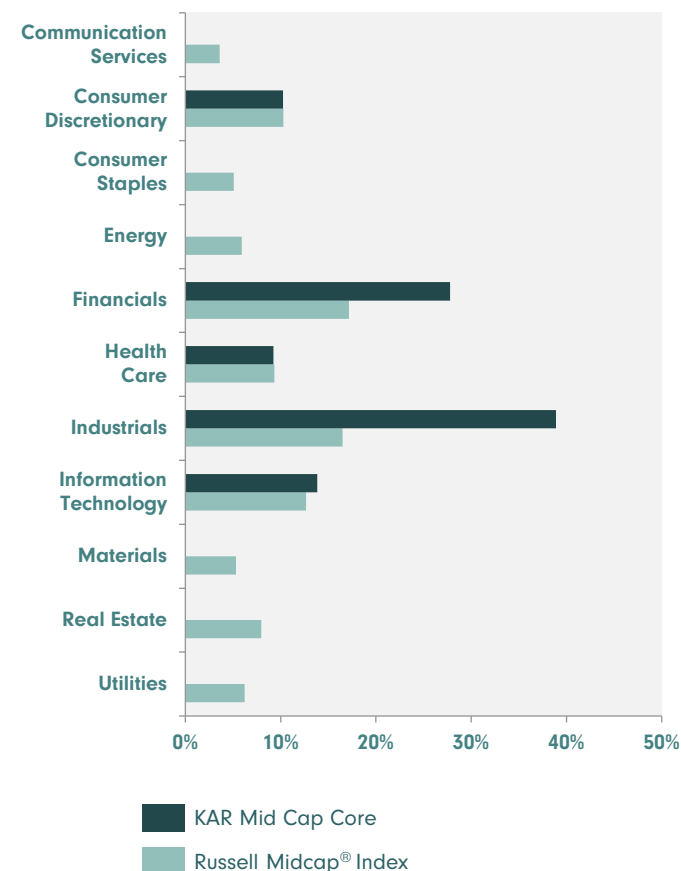
This report is based on the assumptions and analysis made and believed to be reasonable by Advisor. However, no assurance can be given that Advisor's opinions or expectations will be correct. This report is intended for informational purposes only and should be not considered a recommendation or solicitation to purchase securities. 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
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
Seeking Higher Quality	Seeking Stronger, More Consistent Growth	Seeking Better Value	

Sector Diversification

As of March 31, 2025



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Portfolio Characteristics

As of March 31, 2025

	KAR Mid Cap Core	Russell Midcap Index
Quality		
Return on Equity—Past 5 Years	26.4%	15.9%
Debt/EBITDA*	1.3 x	2.2 x
Earnings Variability—Past 10 Years	30.3%	63.0%
Growth		
Earnings Per Share Growth—Past 5 Years	16.1%	12.6%
Earnings Per Share Growth—Past 10 Years	14.7%	10.1%
Dividend Per Share Growth—Past 5 Years	11.7%	8.4%
Dividend Per Share Growth—Past 10 Years	12.0%	7.4%
Capital Generation—{ROE x (1-Payout)}	20.1%	11.0%
Value		
P/E Ratio—Trailing 12 Months	29.0 x	24.0 x
Dividend Yield ¹	0.8%	1.7%
Free Cash Flow Yield ²	3.6%	3.7%
Market Characteristics		
\$ Weighted Average Market Cap—3-Year Avg.	\$19.0 B	\$24.0 B
Largest Market Cap—3-Year Avg.	\$43.4 B	\$80.7 B
Annualized Standard Deviation—Since Inception ³	15.1%	17.5%

*KAR utilizes the interquartile method when calculating Debt/EBITDA. The interquartile method excludes outliers from an aggregate statistic such as weighted average. The interquartile method does not assume that data from the top or bottom of the distribution are outliers—only the extreme ends are excluded—and that it can be applied consistently as a quantitative method for most fundamental characteristics. Debt/EBITDA utilizes net debt for the calculation.

¹Dividend yield is a financial ratio that shows how much companies have paid out in dividends in the most recent year relative to their stock price at the end of such year. Dividend yield is being shown here as a characteristic of the stocks held in the portfolio and not to infer how the stocks have or will perform, as dividends are not the only component of the portfolio's performance. Dividends are subject to change from year-to-year, and the portfolio's dividend yield could be lower or higher in future years.

²Free cash flow data is as of December 31, 2024. Prices are as of March 31, 2025. Excludes financials.

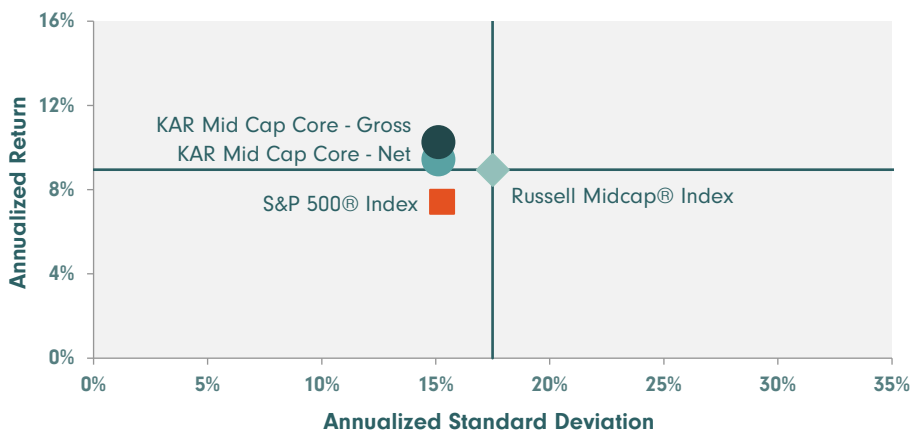
³January 1, 2000. Standard deviation for the KAR strategy is based on net-of-fee returns. This material is deemed supplemental and complements the performance and disclosure at the end of this presentation. Data is obtained from FactSet Research Systems and BNY Mellon and is assumed to be reliable. Other 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 2025

Risk-Return Analysis

Inception* to March 31, 2025



Historical Returns

	KAR Mid Cap Core (gross)	KAR Mid Cap Core (net) [‡]	Russell Midcap® Index
Annualized Returns (%)[†]			
As of March 31, 2025			
1 st Quarter	(3.16)	(3.35)	(3.40)
One Year	(3.34)	(4.07)	2.59
Three Years	5.13	4.35	4.62
Five Years	15.11	14.25	16.28
Seven Years	10.95	10.13	9.18
Ten Years	11.28	10.45	8.82
Inception*	10.26	9.44	8.95
Annual Returns (%)			
2024	6.13	5.34	15.34
2023	23.75	22.84	17.23
2022	(19.04)	(19.66)	(17.32)
2021	26.42	25.49	22.58
2020	27.08	26.15	17.10
2019	32.17	31.20	30.54
2018	(3.21)	(3.93)	(9.06)
2017	26.13	25.21	18.52
2016	12.32	11.49	13.80
2015	3.37	2.60	(2.44)
2014	18.17	17.29	13.22
2013	28.54	27.60	34.76
2012	16.58	15.72	17.28
2011	4.52	3.74	(1.55)
2010	20.23	19.34	25.48
2009	21.11	20.22	40.48
2008	(28.63)	(29.18)	(41.46)
2007	6.45	5.66	5.60
2006	13.05	12.21	15.26
2005	8.86	8.05	12.65
2004	15.23	14.38	20.22
2003	26.72	25.79	40.06
2002	(12.62)	(13.28)	(16.19)
2001	(2.76)	(3.49)	(5.62)
2000	21.54	20.64	8.25

*January 1, 2000.

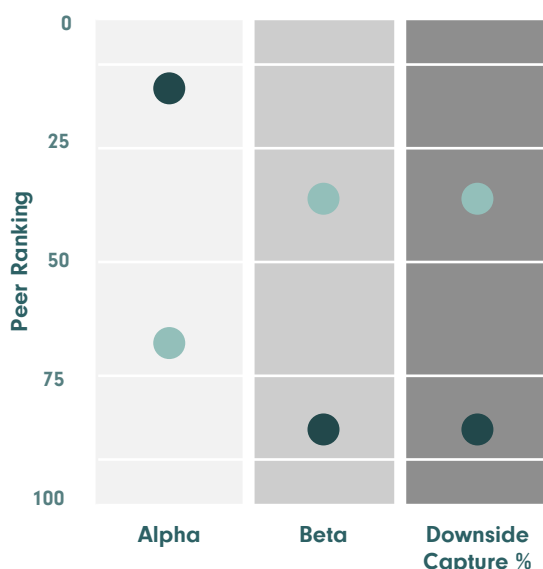
[†]All periods less than one year are total returns and are not annualized. Returns are final. Returns could be reduced, or losses incurred, due to currency fluctuations.

[‡]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.

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 final. For further details on the composite, please see the disclosure statement in this presentation. Data is obtained from FactSet Research Systems and is assumed to be reliable. **Past performance is no guarantee of future results.**

Peer Comparison Chart

Ten Years Ending March 31, 2025



● KAR Mid Cap Core ● Russell Midcap® Index

The eVestment Mid Cap Core Universe includes 46 managers categorized in the mid cap core asset class by eVestment. KAR does not pay any fees to be included in the eVestment Mid Cap Core Universe or for the ranking itself. KAR does pay fees for the use of certain products and services provided by eVestment. eVestment rankings are based on gross of fee returns. Gross of fee returns will be reduced by investment management fees and other expenses that may be incurred in the management of the account. Management fees are described in KAR's Form ADV Part 2A, which is available upon request and can also be found at <https://kayne.com/wp-content/uploads/ADV-Part-2A.pdf>. Returns could be reduced or losses incurred due to currency fluctuations. **Past performance is no guarantee of future results.**

Performance Statistics

Inception* to March 31, 2025

	KAR Mid Cap Core (gross)	KAR Mid Cap Core (net)	Russell Midcap® Index
Alpha	2.43	1.67	0.00
Sharpe Ratio	0.55	0.50	0.40
Information Ratio	0.21	0.08	N/A
Beta	0.81	0.81	1.00
Downside Capture	76.23	77.77	100.00
Tracking Error	6.40	6.40	N/A



Mid Cap Core Composite

First Quarter 2025

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)
2015	3.37	2.03	(2.44)	11.96	11.00	15	0.44	40	8,095
2016	12.32	10.88	13.80	12.31	11.72	22	0.36	79	9,989
2017	26.13	24.53	18.52	10.76	10.51	72	0.23	170	14,609
2018	(3.21)	(4.46)	(9.06)	11.33	12.15	181	0.30	352	17,840
2019	32.17	30.50	30.54	12.49	13.08	323	0.39	700	25,685
2020	27.08	25.47	17.10	18.88	22.13	362	1.03	1,214	39,582
2021	26.42	24.82	22.58	17.65	20.84	467	0.27	1,946	47,269
2022	(19.04)	(20.11)	(17.32)	21.10	23.95	584	0.30	1,738	33,531
2023	23.75	22.17	17.23	18.95	19.38	692	0.54	2,799	41,186
2024	6.13	4.77	15.34	19.17	20.25	891	0.20	4,336	45,494

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, 2024.

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, 2024. 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.

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: 0.75% 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.

GLOSSARY

Standard Deviation: Measures variability of returns around the average return for an investment portfolio. Higher standard deviation suggests greater risk. **Alpha:** A risk-adjusted measure of an investment's excess return relative to a benchmark. **Sharpe Ratio:** A risk-adjusted measure calculated using standard deviation and excess return to determine reward per unit of risk. **Information Ratio:** The information ratio (IR) is a measurement of portfolio returns beyond the returns of a benchmark, usually an index, compared to the volatility of those returns. **Beta:** A quantitative measure of the volatility, or systematic risk, of a security or a portfolio in comparison to the market as a whole. **Downside Capture Ratio:** A statistical measure of an investment manager's overall performance in down-markets. It is used to evaluate how well an investment manager performed relative to an index during periods when that index has dropped.

Tracking Error: The divergence between the price behavior of a position or a portfolio and the price behavior of a benchmark. It is reported as a standard deviation percentage difference, which reports the difference between the return an investor receives and that of the benchmark they were attempting to imitate.

INDEX DEFINITION

The Russell Midcap® Index is a market capitalization-weighted index of medium-capitalization stocks of U.S. companies. The index is calculated on a total return basis with dividends reinvested. The index is unmanaged, its returns do not reflect any fees, expenses, or sales charges, and is not available for direct investment.