

## Mid Cap Growth Portfolio

First Quarter 2025

### Portfolio Overview

The Mid Cap Growth portfolio underperformed the Russell Midcap Growth Index in the first quarter. Poor stock selection in communication services and information technology detracted from performance. Good stock selection in financials and real estate contributed positively to performance.

The biggest contributors to performance during the quarter were Celsius Holdings and Goosehead Insurance. This quarter saw stabilization in Celsius' sales. The company also announced the acquisition of an innovative competitor in the healthy energy drink space. Importantly, the company was able to purchase this fast-growing peer for a reasonable multiple. Goosehead is thriving in the current insurance market environment as constantly changing rates and coverage have buyers shopping more for new policy options. As one of the few national multi-carrier providers, we believe Goosehead's breadth of product options is more appealing than ever. As the franchisee base has become stronger and more productive, it has opened the opportunity to meaningfully increase the number of producers per franchise. Other top contributors included MercadoLibre, Rollins, and CoStar Group.

The biggest detractors to performance during the quarter were The Trade Desk and Global-e Online. The Trade Desk reported its first revenue miss in the last thirty-three quarters as it undertook a particularly disruptive business reorganization. Investors have also been worried about its move to focus incrementally more on the brand advertisers themselves versus the agencies which have always been steadfast Trade Desk customers. Finally, one of the largest online marketplaces is making a strong push to expand its ad capabilities into Trade Desk's territory. Global-e Online experienced some notable volatility in its business last quarter as tariffs pushed customers into multi-local strategies, reducing the need to rely on the company's fulfillment capabilities and lowering the take rate in the process. It was also impacted by the bankruptcy of a fairly large customer and another set of hurdles for enabling its capabilities on Shopify, a rapidly growing go to market partner. Other bottom contributors included Freshpet, Vertex, and Gartner.

### 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.

### Purchases and Sales

New Purchases	Complete Sales
Copart	Corpay
Insulet	MongoDB
West Pharmaceutical Services	

### Portfolio Highlights

**Style:** Mid Cap  
**Sub-Style:** Growth  
**Index:** Russell Midcap® Growth  
**Portfolio Assets:** \$1,455.2 M\*  
**Portfolio Turnover:** 25%–35%

### Investment Management Team

Name	Research Start Date
<b>Chris Armbruster, CFA</b> Portfolio Manager + Senior Research Analyst	2004
<b>Noran Eid</b> Portfolio Manager + Senior Research Analyst	2012
<b>Richard Sherry, CFA</b> Senior Research Analyst	1998
<b>Katie Advena</b> Research Analyst	2011
<b>Luke Longinotti, CFA</b> Governance + Sustainability Analyst	2020
<b>Charlie Wang, CFA</b> Research Analyst	2018
<b>Clarissa Ali</b> Associate Research Analyst	2023

### Top Five Holdings

As of March 31, 2025

Company	Percent of equity (%)
Fair Isaac	6.0
Amphenol	5.1
Gartner	5.1
Goosehead Insurance	4.9
MercadoLibre	4.5
<b>Total</b>	<b>25.6</b>

\* 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
<b>Qualitative Methods</b> <ul style="list-style-type: none"> <li>Investment conferences</li> <li>Meetings with companies</li> <li>Industry reviews</li> <li>Research on existing portfolio holdings</li> <li>Third-party research</li> </ul> <b>Quantitative Screens</b> <ul style="list-style-type: none"> <li>High return on capital over a full economic cycle</li> <li>Earnings surprise</li> <li>Long and resilient earnings history</li> <li>High return on net operating assets</li> <li>Minimal debt</li> </ul>	<b>Qualitative Analysis</b> <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> <b>Financial Analysis</b> <ul style="list-style-type: none"> <li>Evaluate basis for profitability, long-term growth potential, and ability to allocate capital appropriately</li> </ul> <b>Valuation Analysis</b> <ul style="list-style-type: none"> <li>Determine the current and potential value of the business</li> </ul>	<b>Position Weights</b> <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> <b>Sector Tolerances</b> <ul style="list-style-type: none"> <li>Seek broad diversification, but no sector constraints</li> </ul> <b>Holding Period</b> <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> <b>Cash Levels</b> <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>	<b>Negative Company or Industry Changes</b> <b>Portfolio Upgrade</b> <b>Acquisition Activity</b> <b>Extended Valuation</b>
Seeking Higher Quality		Seeking Stronger, More Consistent Growth	

## Portfolio Characteristics

As of March 31, 2025

	KAR Mid Cap Growth	Russell Midcap® Growth Index
<b>Quality</b>		
Return on Equity—Past 5 Years	22.7%	21.7%
Debt/EBITDA*	0.9 x	1.2 x
Earnings Variability—Past 10 Years	60.2%	62.7%
<b>Growth</b>		
Sales Per Share Growth—Past 5 Years	15.9%	16.8%
Earnings Per Share Growth—Past 5 Years	21.9%	18.7%
Earnings Per Share Growth—Past 10 Years	19.5%	16.0%
<b>Value</b>		
P/E Ratio—Trailing 12 Months	48.9 x	35.8 x
P/E Ratio—1 Year Forecast FY EPS	36.3 x	25.0 x
Free Cash Flow Yield†	2.9%	2.9%
<b>Market Characteristics</b>		
\$ Weighted Average Market Cap	\$30.1 B	\$40.3 B
Largest Market Cap	\$98.9 B	\$192.2 B

\*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.

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

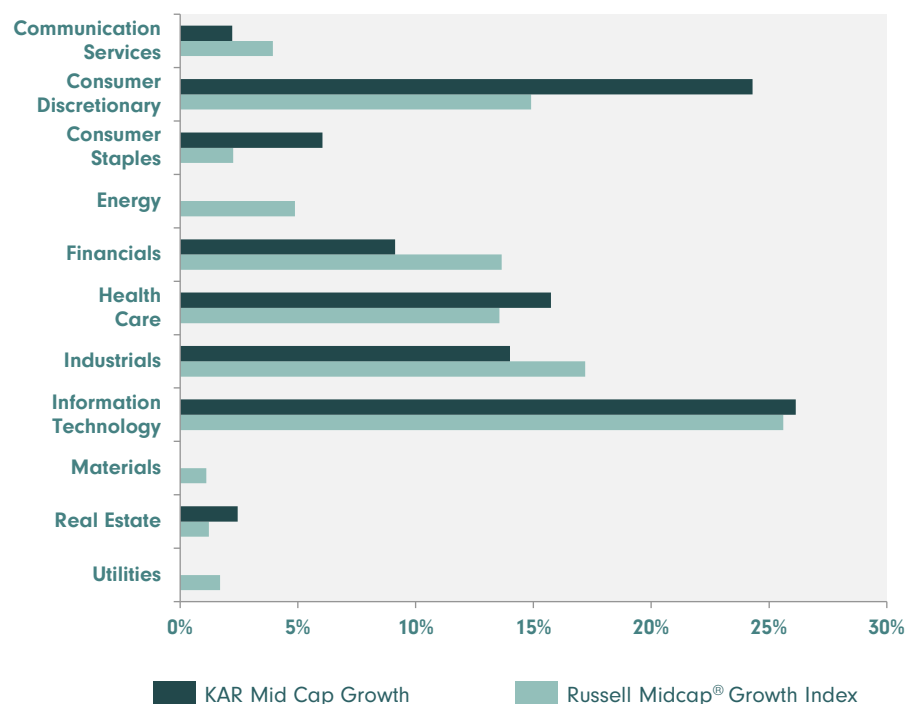
Data is obtained from FactSet Research Systems and BNY Mellon and is assumed to be reliable. Other principal consultant firms may use different algorithms to calculate selected statistics. Estimates are based on certain assumptions and historical information. **Past performance is no guarantee of future results.**

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First Quarter 2025

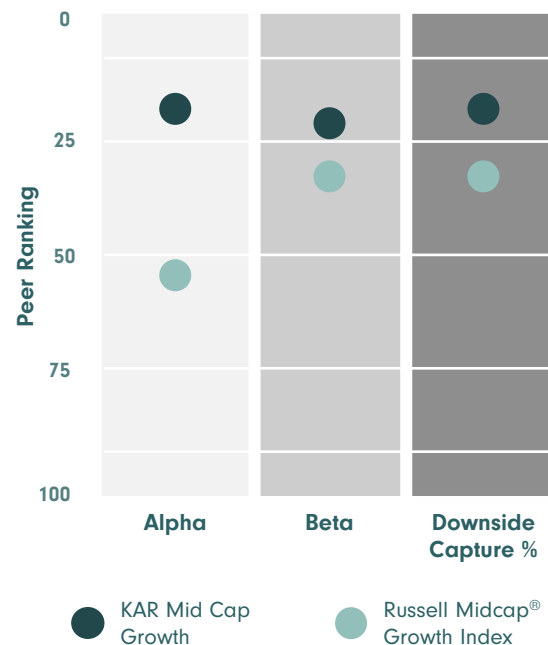
## Sector Diversification

As of March 31, 2025



## Peer Comparison Chart

Ten Years Ending March 31, 2025



The eVestment Mid Cap Growth Universe includes 81 managers categorized in the mid cap growth asset class by eVestment. KAR does not pay any fees to be included in the eVestment Mid Cap Growth 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.**

## Historical Returns

	KAR Mid Cap Growth (gross)	KAR Mid Cap Growth (net) <sup>†</sup>	Russell Midcap® Growth Index
<b>Annualized Returns (%)<sup>†</sup></b>			
As of March 31, 2025			
1 <sup>st</sup> Quarter	(8.16)	(8.34)	(7.12)
One Year	(8.11)	(8.80)	3.57
Three Years	(0.84)	(1.58)	6.16
Five Years	9.17	8.36	14.86
Seven Years	10.38	9.56	10.56
Ten Years	11.96	11.13	10.14
Inception*	12.81	11.97	12.69
<b>Annual Returns (%)</b>			
2024	8.69	7.88	22.10
2023	23.32	22.41	25.87
2022	(32.45)	(32.97)	(26.72)
2021	2.40	1.64	12.73
2020	67.52	66.32	35.59
2019	44.29	43.25	35.47
2018	9.04	8.23	(4.75)
2017	35.26	34.28	25.27
2016	3.27	2.50	7.33
2015	4.06	3.29	(0.20)
2014	4.98	4.20	11.90
2013	26.46	25.53	35.74
2012	13.97	13.13	15.81

\*January 1, 2012

<sup>†</sup>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.

<sup>†</sup>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

Inception\* to March 31, 2025

	KAR Mid Cap Growth (gross)	KAR Mid Cap Growth (net)	Russell Midcap® Growth Index
Alpha	0.22	(0.53)	0.00
Sharpe Ratio	0.61	0.57	0.65
Information Ratio	0.02	(0.11)	N/A
Beta	1.01	1.01	1.00
Downside Capture	105.98	107.65	100.00
Tracking Error	6.49	6.49	N/A

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. 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 from FactSet Research Systems and is assumed to be reliable. **Past performance is no guarantee of future results.**



## Mid Cap Growth Composite

First Quarter 2025

### Disclosure

Year	Composite Gross Return (%)	Composite Net Return (%)	Russell Midcap® Growth Index Return (%)	Composite 3-Yr Std Dev (%)	Benchmark 3-Yr Std Dev (%)	Number of Accounts	Internal Dispersion (%)	Composite Assets (\$ Millions)	Firm Assets (\$ Millions)
2015	4.06	2.72	(0.20)	13.28	11.47	< 5	N/A	88	8,095
2016	3.27	1.94	7.33	14.38	12.35	< 5	N/A	83	9,989
2017	35.26	33.56	25.27	13.14	11.04	< 5	N/A	98	14,609
2018	9.04	7.63	(4.75)	14.52	13.00	7	N/A	172	17,840
2019	44.29	42.48	35.47	15.87	14.07	38	0.19	688	25,685
2020	67.52	65.44	35.59	22.29	21.75	203	1.41	3,513	39,582
2021	2.40	1.08	12.73	21.64	20.47	278	0.38	3,461	47,269
2022	(32.45)	(33.36)	(26.72)	26.48	24.87	248	0.31	1,785	33,531
2023	23.32	21.75	25.87	23.17	21.36	229	0.48	1,971	41,186
2024	8.69	7.29	22.10	23.63	22.47	180	0.24	1,691	45,494

The Russell Midcap® Growth 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 Growth Composite has had a performance examination for the period from January 1, 2012 through December 31, 2024. The verification and performance examination reports are available upon request.

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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 Mid Cap Growth Portfolios. Mid Cap Growth Portfolios are invested in equity securities with market capitalizations consistent with the Russell Midcap® Growth 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® Growth Index. The Russell Midcap® Growth Index is a market capitalization-weighted index of growth-oriented stocks 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 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 1.30% 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 gross of management fees and withholding taxes and 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

Alpha: A risk-adjusted measure of an investment's excess return relative to a benchmark. Beta: A quantitative measure of the volatility, or systematic risk, of a security or a portfolio in comparison to the market as a whole. R2: A measure that represents the percentage of a fund or security's movements that can be explained by movements in a benchmark index. Sharpe Ratio: A risk-adjusted measure calculated using standard deviation and excess return to determine reward per unit of risk. Standard Deviation: Measures variability of returns around the average return for an investment portfolio. Higher standard deviation suggests greater risk.

### INDEX DEFINITION

The Russell Midcap® Growth Index is a market capitalization-weighted index of medium-capitalization, growth-oriented 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.