

Small-Mid Cap Core Portfolio

First Quarter 2025

Portfolio Review

The Small-Mid Cap Core portfolio outperformed the Russell 2500 Index in the first quarter. Good stock selection in consumer discretionary and good stock selection and an overweight in financials contributed positively to performance. An underweight in utilities and real estate detracted from performance.

The biggest contributors to performance during the quarter were W. R. Berkley and BJ's Wholesale Club.

- Good underwriting profitability and healthy rate increases within most of W. R. Berkley's segments are producing robust financial results.
- Accelerating comparable store sales, strong membership retention, along with continued value proposition versus grocery chain competitors led to good results in the quarter for BJ's Wholesale Club.
- Other top contributors included Rollins, Chemed, and Bright Horizons Family Solutions.

The biggest detractors from performance during the quarter were Zebra Technologies and Teradyne.

- Zebra is beginning to see signs of customers slowing spending decisions related to their supply chains due to geopolitical and macro uncertainty. The company also faces tariff risk as many of its products are sourced from China and other parts of Southeast Asia.
- Teradyne lowered its outlook for tester growth in 2025 due to order pushouts by customers given the uncertainty around tariffs and trade restrictions under the new administration.
- Other bottom detractors were Saia, Thor Industries, and Bentley Systems.

Purchases and Sales

During the quarter, we sold Aspen Technology. There were no complete purchases. We sold our position in Aspen Technology once the announced takeover offer by Emerson was raised.

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: Small-Mid Cap
Sub-Style: Core
Index: Russell 2500™
Portfolio Inception: 1992
Portfolio Assets: \$21,980.9 M*
Portfolio Turnover: 25%–35%

Investment Management Team

Name	Research Start Date
Jon Christensen, CFA Portfolio Manager + Senior Research Analyst	1995
Julie Kutsov Portfolio Manager + Senior Research Analyst	2001
Craig Stone Portfolio Manager + Senior Research Analyst	1990
Todd Bailey, CFA Senior Research Analyst	1999
Julie Biel, CFA Senior Research Analyst	2004
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 (%)
W. R. Berkley	5.1
LPL Financial Holdings	5.1
Watsco	4.4
Interactive Brokers Group	4.0
Rollins	3.9
Total	22.5

* 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

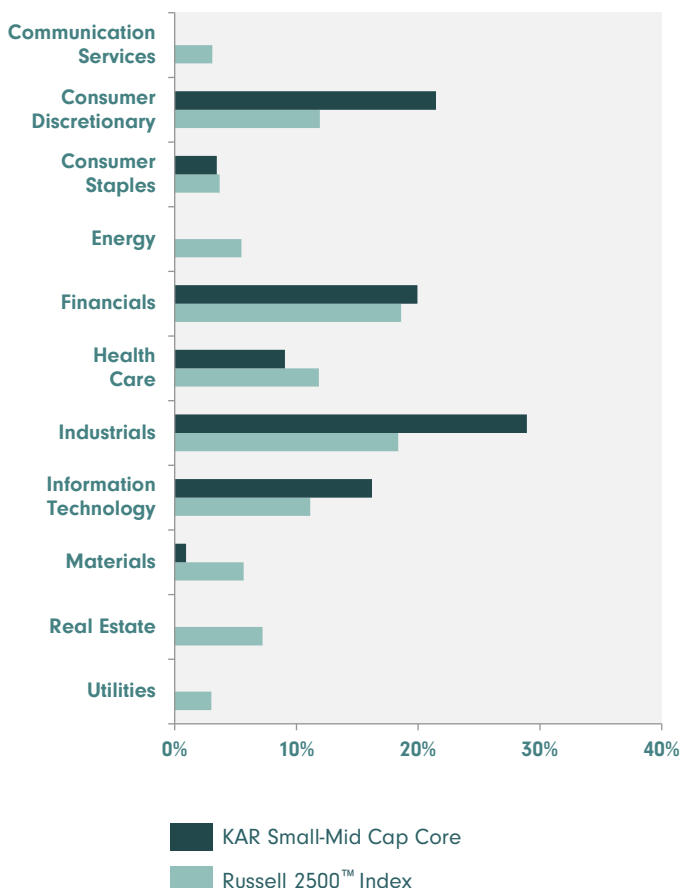
Seeking Higher Quality

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 Small-Mid Cap Core	Russell 2500™ Index
Quality		
Return on Equity—Past 5 Years	25.6%	12.5%
Debt/EBITDA*	1.2 x	2.3 x
Earnings Variability—Past 10 Years	37.2%	73.9%
Growth		
Earnings Per Share Growth—Past 5 Years	12.9%	12.2%
Earnings Per Share Growth—Past 10 Years	13.7%	9.8%
Capital Generation—{ROE x (1-Payout)}	20.2%	9.6%
Value		
P/E Ratio—Trailing 12 Months	30.1 x	28.9 x
Dividend Yield†	0.8%	1.6%
Free Cash Flow Yield‡	3.9%	3.8%
Market Characteristics		
\$ Weighted Average Market Cap—3-Year Avg.	\$14.0 B	\$6.8 B
Largest Market Cap—3-Year Avg.	\$35.3 B	\$29.4 B
Annualized Standard Deviation—Since Inception§	15.5%	18.2%

*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.

†Dividend 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.

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

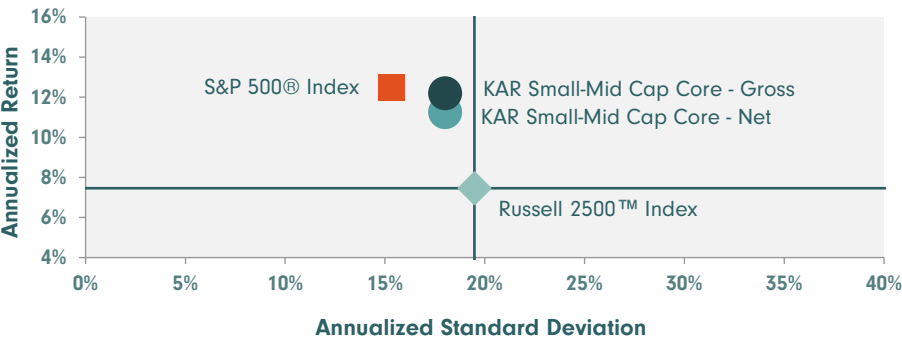
§April 1, 1992. Standard deviation for the KAR strategy is based on net of fee returns. This material is deemed supplemental and complements the performance and disclosure at the end of this presentation. Data is obtained from FactSet Research Systems and BNY Mellon and is assumed to be reliable. Other 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.

Small-Mid Cap Core Portfolio

First Quarter 2025

Risk-Return Analysis

Ten Years Ending March 31, 2025



Historical Returns

	KAR Small-Mid Cap Core (gross)	KAR Small-Mid Cap Core (net) [†]	Russell 2500™ Index
Annualized Returns (%)[†]			
As of March 31, 2025			
1 st Quarter	(3.11)	(3.32)	(7.50)
One Year	(1.05)	(1.88)	(3.11)
Three Years	5.30	4.42	1.78
Five Years	15.20	14.23	14.91
Seven Years	12.22	11.28	7.16
Ten Years	12.20	11.26	7.46
Inception*	11.49	10.55	10.00
Annual Returns (%)			
2024	10.06	9.14	12.00
2023	24.93	23.89	17.42
2022	(23.14)	(23.80)	(18.37)
2021	20.81	19.80	18.18
2020	36.34	35.21	19.99
2019	40.77	39.61	27.77
2018	(4.17)	(4.98)	(10.00)
2017	19.84	18.84	16.81
2016	17.30	16.32	17.59
2015	6.16	5.27	(2.90)
2014	9.74	8.81	7.07
2013	31.61	30.52	36.80
2012	8.82	7.90	17.88
2011	8.45	7.54	(2.51)
2010	20.46	19.45	26.71
2009	30.58	29.50	34.39
2008	(30.20)	(30.81)	(36.79)
2007	0.35	(0.50)	1.38
2006	13.83	12.88	16.17
2005	3.13	2.26	8.11
2004	14.19	13.23	18.29
2003	24.81	23.78	45.51
2002	(16.98)	(17.69)	(17.80)
2001	5.06	4.17	1.22
2000	23.80	22.77	4.27
1999	6.09	5.20	24.14
1998	21.39	20.38	0.38
1997	20.82	19.82	24.36
1996	27.00	25.95	19.03
1995	17.47	16.49	31.70
1994	2.75	1.88	(1.05)
1993	20.00	19.00	16.55
1992 [§]	9.65	8.96	11.36

*April 1, 1992

[†]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.

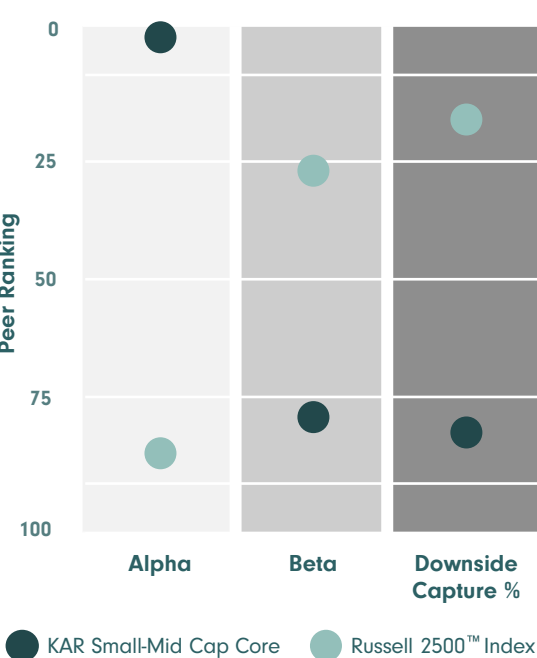
[‡]Net of all fees and expenses. Assumes a 0.85% annual fee. Fees presented on the Disclosure page could vary from the assumed fee in the net-of-fee calculation, as actual fees paid by a particular client account differ depending on a variety of factors including, but not limited to, business unit and 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 calculations are for the nine months ended December 31, 1992.

This material is deemed supplemental and complements the performance and disclosure at

Peer Comparison Chart

Ten Years Ending March 31, 2025



The eVestment Small-Mid Cap Core Universe includes 48 managers categorized in the small-mid cap core asset class by eVestment. KAR does not pay any fees to be included in the eVestment Small-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 managements 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

Ten Years Ending March 31, 2025

	KAR Small-Mid Cap Core (gross)	KAR Small-Mid Cap Core (net)	Russell 2500™ Index
Alpha	5.14	4.26	0.00
Sharpe Ratio	0.57	0.52	0.29
Information Ratio	0.70	0.56	N/A
Beta	0.87	0.87	1.00
Downside Capture	79.03	80.57	100.00
Tracking Error	6.81	6.81	N/A

the end of this presentation. Returns for the Kayne Anderson Rudnick composite are final. All periods less than one year are total returns and are not annualized. For periods prior to July 1, 2000, the Small-Mid Cap Core composite calculations have been linked to the firm's Small Cap Core composite performance, which represents all taxable and nontaxable, fully discretionary Small Cap Core Portfolios (including cash) under management for at least one full quarter. Beginning on July 1, 2000, only Small-Mid Cap Core Portfolios are included in the composite. 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.**



Small-Mid Cap Core Composite

First Quarter 2025

Disclosure

Year	Composite Gross Return (%)	Composite Net Return (%)	Russell 2500™ Index Return (%)	Composite 3-Yr Std Dev (%)	Benchmark 3-Yr Std Dev (%)	Number of Accounts	Internal Dispersion (%)	Composite Assets (\$ Millions)	Firm Assets (\$ Millions)
2015	6.16	4.80	(2.90)	12.23	12.59	18	0.23	21	8,095
2016	17.30	15.80	17.59	12.63	13.86	39	0.13	34	9,989
2017	19.84	18.31	16.81	11.15	12.31	83	0.32	137	14,609
2018	(4.17)	(5.41)	(10.00)	13.32	14.30	92	0.29	111	17,840
2019	40.77	39.00	27.77	14.87	14.79	135	0.69	225	25,685
2020	36.34	34.61	19.99	21.16	24.55	190	1.44	1,008	39,582
2021	20.81	19.27	18.18	19.01	22.80	319	0.28	2,031	47,269
2022	(23.14)	(24.15)	(18.37)	23.20	25.52	363	0.38	1,863	33,531
2023	24.93	23.34	17.42	20.94	20.43	366	0.54	2,657	41,186
2024	10.06	8.65	12.00	21.74	22.01	373	0.29	3,373	45,494

The Russell 2500™ 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, 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 Small-Mid Cap Core Composite has had a performance examination for the period from January 1, 1999 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 Small-Mid Cap Core Portfolios. Small-Mid Cap Core Portfolios are invested in equity securities with market capitalizations consistent with the Russell 2500™ 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 2500™ Index. The Russell 2500™ Index is a market capitalization-weighted index of the 2,500 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 July 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: 0.85% for the first \$25 million; 0.75% on the next \$25 million; 0.70% on the next \$50 million; 0.60% 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 2500™ Index is a market capitalization-weighted index of the 2,500 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. The index is unmanaged, its returns do not reflect any fees, expenses, or sales charges, and is not available for direct investment.