Kayne Anderson Rudnick
Investment Management

Thematic Quality Portfolio

First Quarter 2026

Portfolio Overview

The Thematic Quality portfolio underperformed the S&P 500 Index in the first quarter. Poor stock selection and an underweight in information technology and poor stock selection in industrials detracted from performance. Good stock selection in consumer discretionary and an underweight in communication services contributed positively to performance.

The biggest contributors to performance during the quarter were GigaCloud Technology and Stride.

- Participating in the Digital Economy Theme, GigaCloud Technology provides global end-to-end B2B ecommerce solutions for large parcel merchandise. The company is experiencing rapid growth in its marketplace network effect. In the quarter, the company reported growth in revenues and profits despite higher tariff rates between the U.S. and Asia.
- Participating in the Digital Economy Theme, Stride is the largest online K-12 school, operating the brand K12. For families needing alternatives to in-person K-12 education due to concerns regarding safety, mental health, physical access or athletics, Stride is the most well-known option. In the quarter, the company reported growth and improving resolution of the technical challenges it experienced in late 2025.
- Other top contributors included BBB Foods, Wingstop, and Cloudflare.

The biggest detractors to performance during the quarter were Fair Issac and Intapp.

- Participating in the Global Financialization theme, Fair Isaac's FICO Score is a core credit standard used throughout the U.S. mortgage ecosystem—from lenders and the GSEs to mortgage-backed securitization buyers and sellers. Shares declined during the quarter as investors weighed early efforts by Fannie and Freddie to broaden use of VantageScore as an alternative to FICO, and the company faced a renewed call for a regulatory investigation from Senator Josh Hawley.
- Participating in the Cloud Computing theme, Intapp provides workflow software purpose-built for partner-led professional services firms, including law firms, private equity, investment banks, and accounting firms. Its platform is designed around the project- and matter-based workflows typical of human-capital-intensive organizations. Shares declined during the quarter on investor concerns about rising competitive intensity tied to AI and AI-assisted software development. We exited the position given ongoing support for a portion of clients on legacy on-premise deployments, which could constrain future R&D velocity and agility.
- Other bottom contributors included Goosehead Insurance, Ryan Specialty, and Tesla.

Purchases and Sales

Theme Addition: Critical Energy Infrastructure – The Strait of Hormuz disruption highlighted the vulnerability of a single chokepoint that handles roughly one-fifth of both global oil consumption and liquefied natural gas trade. Producers outside the corridor could see higher durable demand due to their greater security of supply.

During the quarter, we purchased Occidental Petroleum, ConocoPhillips, and Nutanix. We sold Intapp, BJ's Wholesale Club, Endava, and Wingstop. Participating in the Critical Energy Infrastructure theme, Occidental Petroleum is a major upstream oil and gas producer with most of its production in the United States, with leading positions in the Permian Basin and the Gulf of Mexico. We believe the company is positioned to support global energy needs in an environment where supply security is increasingly important. Participating in the Critical Energy Infrastructure theme, ConocoPhillips is a leading independent upstream oil and gas producer with a geographically diversified portfolio, with most of its production occurring outside the Middle East and meaningful operations across the United States (including Alaska), Canada, Norway, and Asia Pacific. As we see it, the company is positioned to support global energy needs in an environment where supply security is increasingly important. Participating in the Cloud Computing theme, Nutanix provides infrastructure software for enterprise on-premises and hybrid cloud environments. Industry economics have improved following VMware's pricing actions, and Nutanix has emerged as a leading alternative in enterprise virtualization—necessary software for customers to improve the utilization of their IT hardware purchases.

Portfolio Strategy

The strategy defines themes as structural changes that have the potential to either create new industries or reshape existing industries. Utilizing a bottom-up, fundamental research approach, the Thematic Quality portfolio seeks to identify the highest quality companies among the leaders within these persistent themes.

Portfolio Highlights

Style: Thematic Quality
Index: S&P 500® Index
Portfolio Inception: 2023
Portfolio Turnover: 25%–35%
Number of Holdings: 20 - 35

Key Features

High Quality Businesses
Search for quality companies that capitalize on industry shifts with market dominant business models, solid balance sheets, attractive investment opportunities and consistent growth

Multi-Thematic Exposure
Seek businesses benefiting from structural trends that transcend the traditional business cycle such as technological advances, demographic shifts, or climate change

High Conviction Portfolio
Focus on 20-35 of what we believe are the strongest investment opportunities, with a long-term, low turnover approach

Investment Management Team

Name	Research Start Date
Adam Xiao, CFA Portfolio Manager + Senior Research Analyst	2013
16 Analysts	18 years of research experience*

**Average years of research experience.*

Investment Process: Discovering Quality

Development of KAR High-Quality Universe

Resources
- Company research accumulated since KAR inception
- Research on existing portfolio holdings
- Meetings with companies
- Universe reviews
- Investment conferences
- Third-party research

Ongoing Surveillance of Major Themes
- Company management commentary
- Consumer purchasing behavior
- Quantitative screens
- Industry reports

Proprietary Fundamental Research

Qualitative Analysis
- Evaluate robustness of business model and assess management's ability to direct capital where it can create further control of its market

Financial Analysis
- Evaluate basis for incremental profitability, long-term growth potential, and ability to reinvest capital appropriately

Valuation Analysis
- Determine the current and potential value of the business

Portfolio Construction

Position Weights
- Maximum initial position size is 7.5% (at cost)
- Maximum position size is 15% (at market)

Sector Tolerances
- Seek broad diversification across themes, but no sector constraints

Non-U.S. Holdings
- Up to 20%

Holding Period
- Typically 3-to-5 years, but is often longer
- Portfolio turnover is typically 25% to 35%

Cash Levels
- Typically will not exceed 10% once a portfolio is fully invested; review by CIO triggered if over 10%

Sell Discipline

Negative Company or Industry Changes

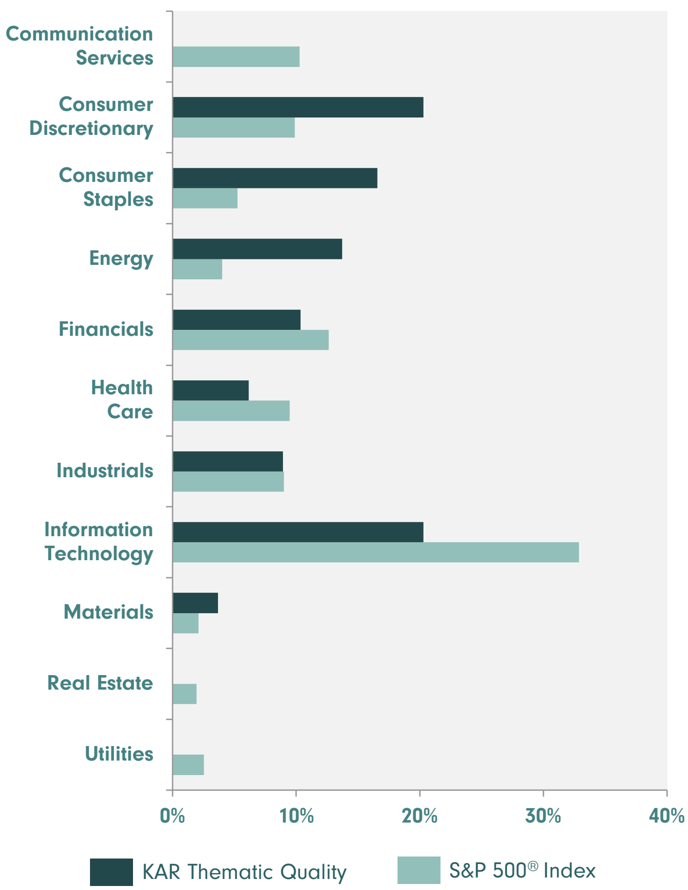
Portfolio Upgrade

Acquisition Activity

Unattractive Prospective Returns

Sector Diversification

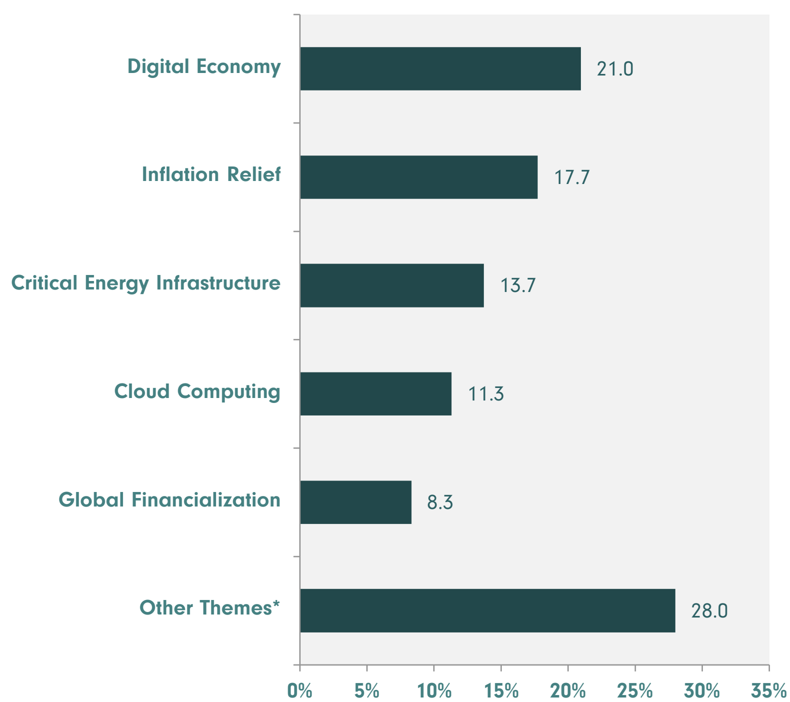
As of March 31, 2026



Source: SS&C GWP™ and FactSet Research Systems. 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.

Portfolio Themes

As of March 31, 2026



**"Other Themes" includes Artificial Intelligence + Big Data, Future Mobility, Consumer, Human Knowledge Capital, Life Sciences and Resource Management.*
Portfolio themes are defined by the Morningstar taxonomy. Individual securities are categorized within this taxonomy by KAR. In Morningstar's taxonomy, there are 31 total Theme Groupings organized in 4 Broad Themes: Technology, Physical World, Social and Broad Thematic. Portfolio Themes are emergent categorizations to communicate which secular themes the portfolio is participating in through its holdings. These classifications are outputs, and are not inputs for constructing the portfolio. KAR determines which of Morningstar's Theme Groupings a holding falls into, and such determinations as well as Morningstar's Theme Groupings themselves are subject to change by KAR or Morningstar, respectively. Data is assumed to be reliable.

Thematic Quality Portfolio

First Quarter 2026

Top 10 Holdings

As of March 31, 2026

Company	Percent of equity (%)
BBB Foods	12.6
GigaCloud Technology	11.5
Fair Isaac	8.3
Occidental Petroleum	7.3
ConocoPhillips	6.4
Veeva Systems	6.2
Nutanix	5.6
Goosehead Insurance	5.2
ServiceTitan	4.7
Cloudflare	4.6
Total	**72.4**

Portfolio Characteristics

As of March 31, 2026

	KAR Thematic Quality	S&P 500® Index
Gross Margin—Past 5 Years	**44.6%**	49.8%
Capital Expenditures (as % of Sales)	**7.2%**	10.0%
Sales Per Share Growth—Past 2 Years	**16.1%**	10.0%
Sales Per Share Growth—Past 5 Years	**14.8%**	11.7%
Debt/EBITDA*	**2.1 x**	1.1 x

Market Capitalization

As of March 31, 2026

Historical Returns

	KAR Thematic Quality (gross)	KAR Thematic Quality (net)	S&P 500® Index
Annualized Returns (%) As of March 31, 2026			
1st Quarter	(13.32)	(13.49)	(4.33)
One Year	16.34	15.48	17.80
Three Years	11.60	10.77	18.32
Inception†	16.25	15.39	19.42
Annual Returns (%)			
2025	19.70	18.82	17.88
2024	10.90	10.07	25.02
2023	41.77	40.73	26.29

**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.*

†January 1, 2023

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. Numbers may not always add up due to rounding.

Source: SS&C GWP™, FactSet Research Systems, and BNY Mellon. Returns for the Kayne Anderson Rudnick ("KAR") composite are preliminary, based on unaudited calculations as of the period shown, subject to change, and may differ from final performance due to reconciliation, timing, or valuation adjustments. All periods less than one year are total returns and are not annualized. Composite performance does not represent the performance of any individual client account, which can differ based on factors such as cash flows and different fee arrangements. Attribution results are based on a representative client account using an external returns methodology and may differ from composite performance or the performance of any individual client account. KAR may update preliminary performance information as it deems appropriate. Final performance information for existing client accounts is reflected in account statements, where applicable. Net of fee returns reflect an assumed maximum fee of 0.75%, as further described on the Disclosure page. Returns may be affected by currency fluctuations. ***Past performance is no guarantee of future results.***

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Thematic Quality Composite

First Quarter 2026

Disclosure

Year	Composite Gross Return (%)	Composite Net Return (%)	S&P 500® Index Return (%)	Composite 3-Yr Std Dev (%)	Benchmark 3-Yr Std Dev (%)	Number of Accounts	Internal Dispersion (%)	Composite Assets ($ Millions)	Firm Assets ($ Millions)
2023	41.77	39.98	26.29	N/A	N/A	30	N/A	6	41,186
2024	10.90	9.47	25.02	N/A	N/A	91	0.57	27	45,494

The S&P 500® Index is a trademark/service mark of S&P Dow Jones Indices LLC. S&P® is a trademark of Standard & Poor's Financial Services LLC.

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. 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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The composite includes all fully discretionary institutional Thematic Quality Portfolios. Thematic Quality Portfolios are invested in equity securities of all market capitalizations that capitalize on thematic industry shifts with market dominant business models, solid balance sheets, strong economics, and consistent growth. For comparison purposes, the composite is measured against the S&P 500® Index. The S&P 500® Index is a market capitalization-weighted index which includes 500 of the top companies in leading industries of the U.S. economy. The index is calculated on a total-return basis with dividends reinvested, net of withholding taxes. Benchmark returns are not covered by the report of the independent verifiers. The inception date of the composite is January 2023. The composite was created in January 2023. 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, 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.