

Emerging Markets Small Cap Portfolio

Second Quarter 2020

Market Review

After declining over 30% during the first quarter, emerging markets small-cap equities rebounded sharply in the second quarter along with other equity markets around the world. Drivers behind this rebound include: 1) The gradual easing of lockdowns across many countries; 2) unprecedented fiscal and monetary stimulus from governments and central banks around the world; and 3) early signs of economic recovery. Some of the markets that underperformed during the first quarter (e.g., Thailand and Brazil) outperformed during the second quarter. Conversely, markets like Hong Kong (China) that outperformed during the first quarter, underperformed in the second quarter.

In terms of sectors, information technology, health care and consumer discretionary performed strongly, while real estate and financials lagged. It is also worth noting that investor optimism was tempered by a subsequent rise in COVID-19 cases toward the end of the quarter, but nonetheless markets finished the month of June with positive returns.

Portfolio Review

The Emerging Markets Small Cap portfolio outperformed the MSCI Emerging Markets Small Cap Index during the second quarter. Strong outperformance in a sharply rising market environment is not something we typically expect given our high-quality focus, but strong performance of a few highly weighted stocks can make a meaningful difference with the relatively concentrated structure of the portfolio.

The biggest contributors to performance during the quarter were Sea Limited and Union Auction Public. Sea Limited operates e-commerce and online game development/publishing businesses in South East Asia. The stock outperformed materially during the period as the company reported solid results. It also helped that Sea is an internet business that was relatively less impacted by the virus-led lockdowns. Union Auction Public is the largest operator of used and salvaged car auctions in Thailand. External factors are challenging, but business fundamentals and Union's competitive position remain strong. The stock rebounded strongly with the market recovery as Union Auction underperformed in the previous two quarters. Other top contributors included Headhunter Group, NICE Information Service and Webcash.

The biggest detractors to performance during the quarter were Corporacion Moctezuma and IndiaMART. Corporacion Moctezuma is a Mexico-based cement company with very strong financial characteristics given the company's solid competitive position and the disciplined nature of the industry. Given the cyclical nature of the cement business, Moctezuma was impacted by the lockdown-led economic weakness. Even though Moctezuma is a capital intensive and cyclical business, it has a net cash balance sheet and a strong returns profile. IndiaMART operates a horizontal online business-to-business classifieds website for Small and Medium-sized Enterprises (SMEs) in India. It is the largest of its kind and is the go-to place for SMEs who want to utilize the internet channel to find buyers and sellers of various products. The stock had held up well during the first quarter and, as a result, did not experience as strong a rebound as the overall market during the second quarter. Other bottom contributors included Haw Par, Oracle Financial Services Software and Clicks.

Purchases and Sales

New Purchases	Complete Sales
Clicks Group	None
IndiaMart	
Tegma Gesao Logistics	

Portfolio Highlights

Style: Small Cap
Index: MSCI® Emerging Markets Small Cap Index
Portfolio Turnover: 25%-35%
Number of Holdings: 30-60

Investment Philosophy

- We believe that purchasing high-quality businesses with competitive protections at attractive valuations will achieve excess returns over a complete market cycle.

Investment Objectives

- To achieve a return meaningfully above that of the MSCI® Emerging Markets Small Cap Index
- To achieve this return objective with a portfolio that exhibits lower overall risk characteristics

Investment Management Team

Name	Years of research experience
Douglas S. Foreman, CFA Chief Investment Officer	34
Hyung Kim Portfolio Manager + Senior Research Analyst	16
Craig Thrasher, CFA Portfolio Manager + Senior Research Analyst	16
Ekaterina V. Advena Research Analyst	11
David Forward Research Analyst	6

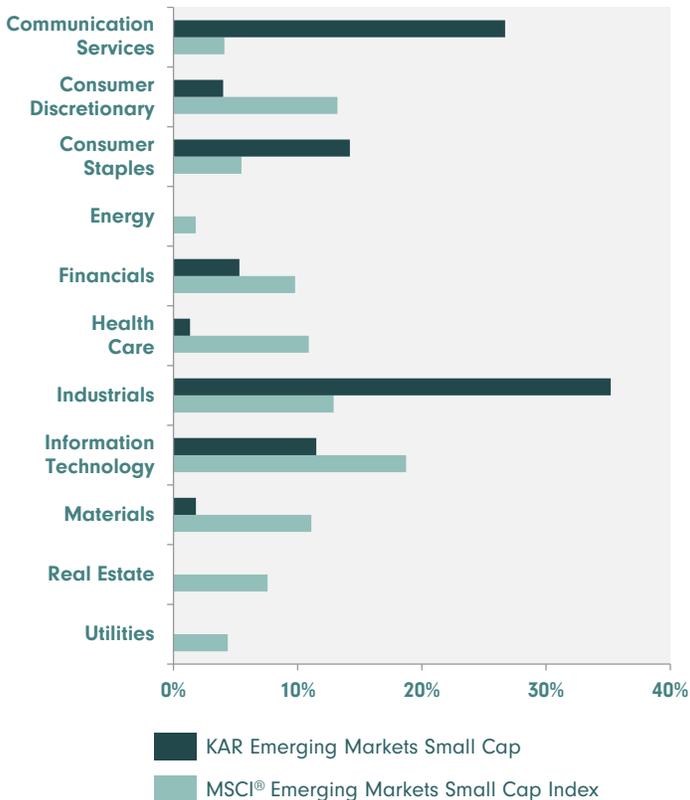
*This report is based on the assumptions and analysis made and believed to be reasonable by Advisor. However, no assurance can be given that Advisor's opinions or expectations will be correct. This report is intended for informational purposes only and should be not considered a recommendation or solicitation to purchase securities. A complete listing of portfolio holdings and specific security transactions for the preceding 12 months is available upon request. 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. **Past performance is no guarantee of future results.***

Investment Process: Discovering Quality

Development of 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 superior 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 and Geographic Tolerances <ul style="list-style-type: none"> Seek broad diversification, but no sector constraints Holding Period <ul style="list-style-type: none"> Typically 3-to-5 years 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
Higher Quality Stronger, More Consistent Growth Better Value			

Sector Diversification

As of June 30, 2020



A complete listing of portfolio holdings and specific security transactions for the preceding 12 months is available upon request. 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 by FactSet Research Systems and is assumed to be reliable.

Portfolio Characteristics

As of June 30, 2020

	KAR Emerging Markets Small Cap	MSCI® Emerging Markets Small Cap Index
Quality		
Return on Equity—Past 5 Years	22.4%	11.7%
Total Debt/EBITDA	1.0 x	5.2 x
Interest Expense Coverage	7.1 x	2.2 x
Growth		
Earnings Per Share Growth—Past 5 Years	18.0%	10.7%
Earnings Per Share Growth—Past 10 Years	11.1%	7.7%
Dividend Per Share Growth—Past 5 Years	17.1%	10.2%
Dividend Per Share Growth—Past 10 Years	9.3%	7.2%
Value		
P/E Ratio—Trailing 12 Months	18.3 x	17.3 x
Dividend Yield	2.3%	2.8%
Market Characteristics		
\$ Weighted Average Market Cap	\$4.8 B	\$1.5 B
Largest Market Cap	\$49.7 B	\$2.7 B

Data is obtained from 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.**

Emerging Markets Small Cap Portfolio

Second Quarter 2020

Top 10 Holdings

As of June 30, 2020

Company	Country	Percent of equity (%)
Headhunter Group	Russian Federation	6.3
VNV Global	Bermuda	5.3
WebCash	South Korea	4.2
Union Auction Public	Thailand	4.0
Auto Trader	United Kingdom	3.8
S-1	South Korea	3.7
Voltronic Power Technology	Taiwan	3.5
Taisun International	Taiwan	3.4
Carsales.com	Australia	3.3
Sea	Singapore	3.3
Total		40.9

Country Exposure

As of June 30, 2020



Historical Returns

	KAR Emerging Markets Small Cap (gross)	KAR Emerging Markets Small Cap (net) [‡]	MSCI [®] Emerging Markets Small Cap Index
Annualized Returns (%)[†]			
As of June 30, 2020			
2 nd Quarter	35.05	34.75	27.14
Year to Date	7.81	7.28	(12.74)
One Year	13.59	12.47	(8.82)
Three Years	10.11	9.02	(2.95)
Five Years	10.46	9.37	(1.38)
Inception*	8.38	7.31	0.31
Annual Returns (%)			
2019	20.18	19.00	11.50
2018	(3.82)	(4.78)	(18.59)
2017	33.20	31.90	33.84
2016	18.45	17.28	2.28
2015	(16.02)	(16.84)	(6.85)
2014	2.20	1.16	1.01

*January 1, 2014

[†]All periods less than one year are total returns and are not annualized. Returns are preliminary.

[‡]Net of all fees and expenses. Assumes a 1% annual fee.

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 and gross of fees unless otherwise specified. 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.**

Emerging Markets Small Cap Portfolio

Second Quarter 2020

Disclosure

Kayne Anderson Rudnick Investment Management, LLC claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS® standards. Kayne Anderson Rudnick Investment Management, LLC has been independently verified for the period from January 1, 1999 through December 31, 2018. The verification reports are available upon request.

Verification assesses whether (1) the firm has complied with all the composite construction requirements of the GIPS® standards on a firm-wide basis and (2) the firm's policies and procedures are designed to calculate and present performance in compliance with the GIPS® standards. Verification does not ensure the accuracy of any specific composite presentation.

Kayne Anderson Rudnick Investment Management, LLC, 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. Kayne Anderson Rudnick Investment Management, LLC 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 Emerging Markets Small Cap Portfolios. Emerging Markets Small Cap Portfolios are invested in equity securities

with market capitalizations in line with the MSCI® Emerging Markets Small Cap 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 MSCI® Emerging Markets Small Cap Index (net). The MSCI® Emerging Markets Small Cap Index is a market capitalization-weighted index of small-capitalization stocks from countries defined as Emerging Markets in the MSCI® Global Investable Market Indices Universe, excluding U.S. companies. 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 composite was created in January 2014. A list of composite descriptions and policies for valuing portfolios, calculating performance and preparing compliant presentations are available upon request.

The standard management fee schedule currently in effect is as follows: 1.00% for the first \$100 million; 0.90% on the balance. 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

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, which measures the variability of the composite (using gross returns) and the benchmark for the 36-month period, is not presented for periods prior to 2016 because 36 monthly composite returns are not available. 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 ended at the following dates:

3-Yr Annualized Standard Deviation (%)		
December 31	Composite	Benchmark
2016	15.00	14.54
2017	14.07	14.57
2018	12.06	14.21

Year	Total Firm Assets (\$ millions)	Total Composite Assets (\$ millions)	Accounts at Year End	Gross Annual Return (%)	Net Annual Return (%)	MSCI® Emerging Markets Small Cap Index (net) Annual Return (%)	Internal Dispersion
2014	7,989	5	< 5	2.20	1.16	1.01	N/A
2015	8,095	4	< 5	(16.02)	(16.84)	(6.85)	N/A
2016	9,989	5	< 5	18.45	17.28	2.28	N/A
2017	14,609	14	< 5	33.20	31.90	33.84	N/A
2018	17,840	70	< 5	(3.82)	(4.78)	(18.59)	N/A

The MSCI® Emerging Markets Small Cap Index is a trademark/service mark of MSCI®. MSCI® is a trademark of MSCI Inc..