

## International Small Cap Portfolio

Second Quarter 2020

### Market Review

After the severe sell-off in the first quarter, global equity markets rebounded dramatically in the second quarter. The MSCI All Country World ex. U.S. Small Cap Index increased 22.83% with all regions and sectors posting strong gains. In response to the global pandemic, we have seen an unprecedented amount of stimulus from central banks and governments around the world. This has helped dampen the economic damage from the crisis and has certainly buoyed equity markets.

As it relates to the spread of the coronavirus, current conditions vary widely by region. The strict lockdown restrictions appear to have worked in Europe, and new cases in places like Italy, Spain, Germany and the United Kingdom have declined dramatically. In Asia, major economies like Japan, South Korea and Taiwan never experienced the rapid spread we've seen in other areas. In the United States, as many states have loosened restrictions, we have seen a significant spike in the number of cases. In several emerging market countries, such as Brazil, India and Russia, we are still seeing a surge during their initial wave. In fact, overall, the number of new global cases is currently still at its highest level since the beginning of the crisis. While the significant monetary and fiscal stimulus will clearly help, we would characterize the outlook for the pandemic and the global economy as uncertain.

### Portfolio Overview

The International Small Cap portfolio slightly outperformed the MSCI All Country World ex. U.S. Small Cap Index during second quarter. Given the more defensive nature of our holdings, we would not expect to outperform the benchmark during a major advance like we saw in the second quarter, but we have several positions that saw surprisingly strong returns in the quarter.

The biggest contributors to performance during the quarter were Bouvet and Headhunter Group. Bouvet is an IT consulting firm in Norway. The company has had strong underlying results during the quarter. In addition, it was announced in May that Bouvet would be added to the Oslo Bors benchmark index. Headhunter Group is the leading online job portal in Russia. Headhunter declined sharply in the first quarter, and the stock rebounded in the second quarter as investors got comfort that the company expects to continue to operate profitably in 2020 despite the impact from the coronavirus. Other top contributors to performance included Mercari, Enento Group and VNV Global.

The biggest detractors to performance during the quarter were CAE and Sabre Insurance Group. CAE is the global leader in flight simulation. The poor relative performance is largely a function of timing as the trade was completed near the end of the second quarter. Sabre Insurance Group is an automotive insurance company in the United Kingdom. The stock had relatively weak performance in the second quarter as well. With less driving, it is anticipated that insurance rates will be reduced, which will likely lead to lower revenues for Sabre Insurance. Other detractors from performance included Corporacion Moctezuma, Haw Par and En-Japan.

### Purchases and Sales

New Purchases	Complete Sales
CAE	Douzone Bizon
New Work	Vat Group

### Portfolio Highlights

**Style:** Small Cap  
**Index:** MSCI® ACWI ex. U.S. Small Cap Index  
**Portfolio Inception:** 2012  
**Portfolio Assets:** \$1,911.1 M  
**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® ACWI ex. U.S. 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
<b>Douglas S. Foreman, CFA</b> Chief Investment Officer	34
<b>Hyung Kim</b> Portfolio Manager + Senior Research Analyst	16
<b>Craig Thrasher, CFA</b> Portfolio Manager + Senior Research Analyst	16
<b>Ekaterina V. Advena</b> Research Analyst	11
<b>David Forward</b> Research Analyst	6

### Top 10 Holdings

As of June 30, 2020

Company	Country	Percent of equity (%)
Headhunter Group	Russian Federation	6.4
Auto Trader	United Kingdom	5.5
Rightmove	United Kingdom	5.4
VNV Global	Bermuda	4.1
Alten	France	4.0
Enento Group	Finland	3.8
Bouvet	Norway	3.7
Marel	Iceland	3.4
Ascential	United Kingdom	2.9
Mercari	Japan	2.8
<b>Total</b>		<b>42.2</b>

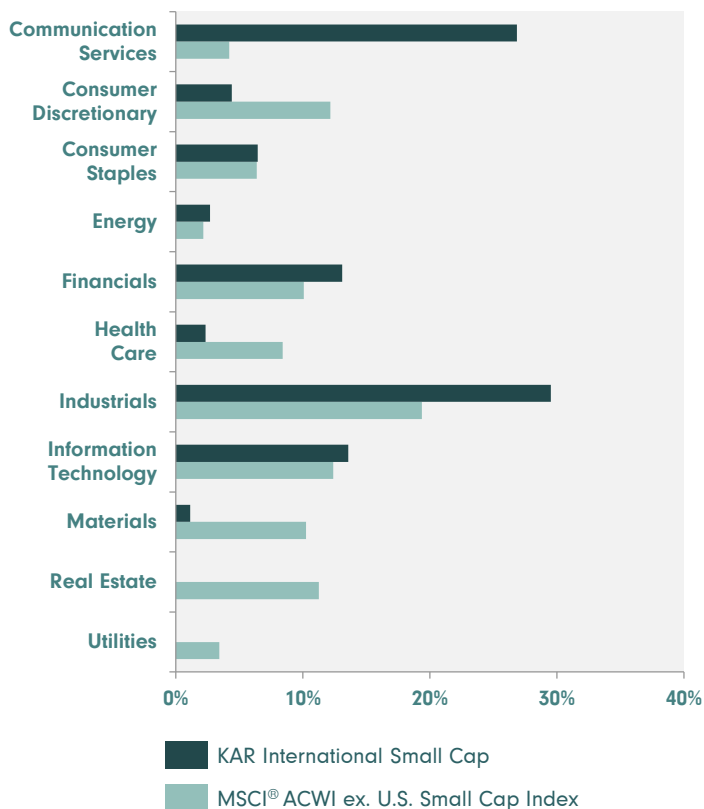
*This report is based on the assumptions and analysis made and believed to be reasonable by Advisor. However, no assurance can be given that Advisor's opinions or expectations will be correct. This report is intended for informational purposes only and should be not considered a recommendation or solicitation 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. Numbers may not always add up due to rounding. Past performance is no guarantee of future results.*

## Investment Process: Discovering Quality

Development of High-Quality Universe	Proprietary Fundamental Research	Portfolio Construction	Sell Discipline
<b>Quantitative Screens</b> <ul style="list-style-type: none"> <li>High return on capital over a full economic cycle</li> <li>Long and resilient earnings history</li> <li>High return on net operating assets</li> <li>Minimal debt</li> </ul> <b>Other Resources</b> <ul style="list-style-type: none"> <li>Research on existing portfolio holdings</li> <li>Meetings with companies</li> <li>Industry reviews</li> <li>Investment conferences</li> <li>Third-party research</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 superior 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 and Geographic 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</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>Extended Valuation</b> <b>Portfolio Upgrade</b> <b>Acquisition Activity</b> <b>Negative Company or Industry Changes</b>
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 International Small Cap	MSCI ACWI ex. U.S. Small Cap Index
<b>Quality</b>		
Return on Equity—Past 5 Years	27.6%	11.3%
Total Debt/EBITDA	1.7 x	5.2 x
Interest Expense Coverage	11.0 x	3.2 x
<b>Growth</b>		
Earnings Per Share Growth—Past 5 Years	19.0%	10.2%
Earnings Per Share Growth—Past 10 Years	12.0%	9.2%
Dividend Per Share Growth—Past 5 Years	12.6%	7.8%
Dividend Per Share Growth—Past 10 Years	10.5%	8.2%
<b>Value</b>		
P/E Ratio—Trailing 12 Months	18.8 x	18.8 x
Dividend Yield	2.1%	2.6%
<b>Market Characteristics</b>		
\$ Weighted Average Market Cap	\$2.6 B	\$2.1 B
Largest Market Cap	\$9.4 B	\$9.5 B

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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Second Quarter 2020

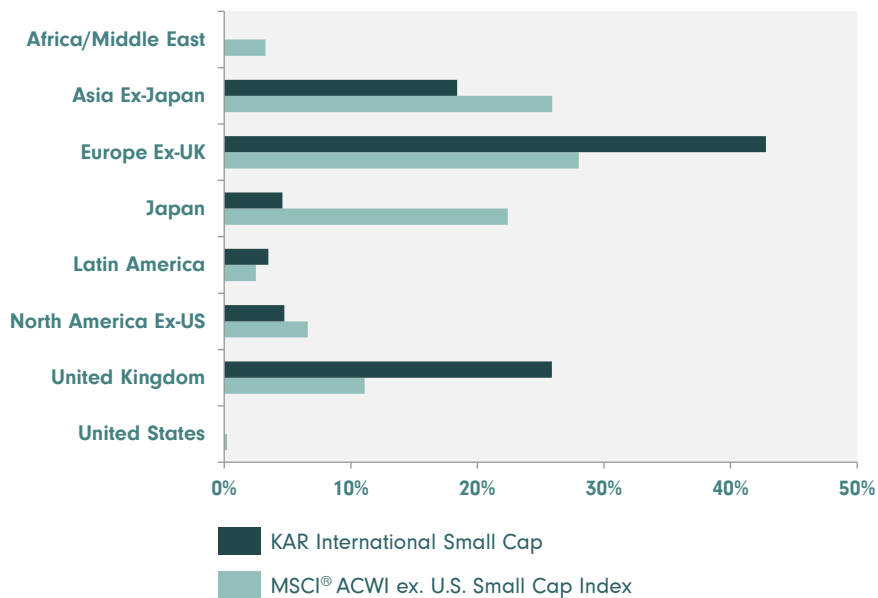
## Developed vs. Emerging Markets

As of June 30, 2020

	Percent of equity (%)
Developed Markets	79.1
Emerging Markets	20.9
<b>Total</b>	<b>100.0</b>

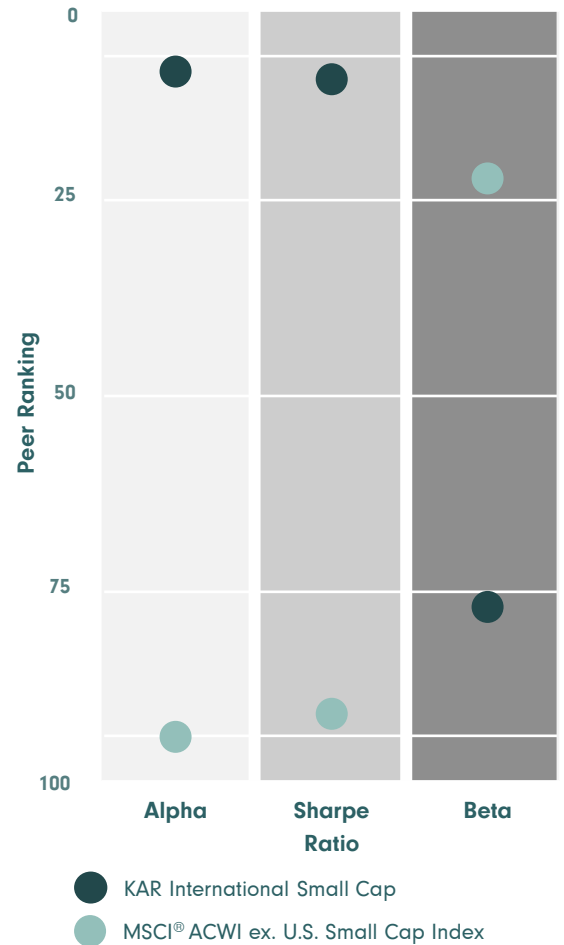
## Geographical Exposure

As of June 30, 2020



## Peer Comparison Chart

Inception\* to June 30, 2020



## Historical Returns

	KAR International Small Cap (gross)	KAR International Small Cap (net) <sup>†</sup>	MSCI ACWI ex. U.S. Small Cap Index
<b>Annualized Returns (%)<sup>†</sup></b>			
As of June 30, 2020			
2 <sup>nd</sup> Quarter	23.50	23.22	22.83
Year to Date	(7.75)	(8.22)	(12.80)
One Year	3.59	2.56	(4.34)
Three Years	7.24	6.17	(0.17)
Five Years	10.56	9.47	2.50
Seven Years	10.88	9.79	4.74
Inception*	13.46	12.35	6.21
<b>Annual Returns (%)</b>			
2019	29.47	28.21	22.42
2018	(5.33)	(6.28)	(18.20)
2017	30.29	29.02	31.65
2016	22.81	21.61	3.91
2015	(0.28)	(1.25)	2.60
2014	(1.92)	(2.91)	(4.03)
2013	32.42	31.16	19.73
2012	24.87	23.66	18.52

\*January 1, 2012

<sup>†</sup>All periods less than one year are total returns and are not annualized. Returns are preliminary.

<sup>†</sup>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. The ACWI ex. U.S. Small Cap Universe includes all managers categorized in the ACWI ex. U.S. small cap asset class by eVestment. Data is obtained from FactSet Research Systems and is assumed to be reliable. **Past performance is no guarantee of future results.**

## Performance Statistics

Inception\* to June 30, 2020

	KAR International Small Cap	MSCI ACWI ex. U.S. Small Cap Index
Annualized Return	13.46	6.21
Alpha	7.44	0.00
Upside Capture %	120.26	100.00
Sharpe Ratio	0.87	0.36
Information Ratio	1.37	N/A
Beta	0.90	1.00
Downside Capture %	71.35	100.00

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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.

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. The International Small Cap Composite has been examined for the period from January 1, 2012 through December 31, 2018. The verification and performance examination reports are available upon request.

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 International Small Cap Portfolios. International Small Cap Portfolios are invested in equity securities with market capitalizations in line with the MSCI® ACWI ex.

U.S.A. 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® ACWI ex U.S.A. Small Cap Index (net). The MSCI® ACWI ex. U.S.A. Small Cap Index is a market capitalization-weighted index of small-capitalization stocks of 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 2012. A list of composite descriptions and policies for valuing portfolios, calculating performance and preparing compliant presentations are available upon request.

The composite contained 100% non-fee-paying portfolios as of December 31, 2012, 12% non-fee-paying portfolios as of December 31, 2013, 12% non-fee-paying portfolios as of December 31, 2014, 7% non-fee-paying portfolios as of December 31, 2015 and December 31, 2016, 1.5% non-fee-paying portfolios as of December 31, 2017, and < 1% non-fee-paying portfolios as of December 31, 2018.

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 net 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 2014 because 36 monthly composite returns are not available.

#### 3-Yr Annualized Standard Deviation (%)

	December 31	Composite	Benchmark
2014		11.99	13.33
2015		12.02	11.49
2016		13.26	12.31
2017		13.01	11.69
2018		12.39	12.52

Year	Total Firm Assets (\$ millions)	Total Composite Assets (\$ millions)	Accounts at Year End	Gross Annual Return (%)	Net Annual Return (%)	MSCI® ACWI ex. U.S. Small Cap Index (net) Annual Return (%)	Internal Dispersion
2012	6,545	4	< 5	24.87	23.66	18.52	N/A
2013	7,841	43	< 5	32.42	31.16	19.73	N/A
2014	7,989	42	< 5	(1.92)	(2.91)	(4.03)	N/A
2015	8,095	46	< 5	(0.28)	(1.25)	2.60	N/A
2016	9,989	55	< 5	22.81	21.61	3.91	N/A
2017	14,609	324	< 5	30.29	29.02	31.65	N/A
2018	17,840	905	< 5	(5.33)	(6.28)	(18.20)	N/A

The MSCI® ACWI ex. U.S. Small Cap Index is a trademark/service mark of MSCI®. MSCI® is a trademark of MSCI Inc..