

Large Cap Quality Value Portfolio

Second Quarter 2020

Portfolio Review

The Large Cap Quality Value portfolio outperformed the Russell 1000 Value Index in the second quarter. Performance was driven by an overweight and good stock selection in information technology and an overweight in consumer discretionary. An underweight in energy and poor stock selection in real estate detracted from performance.

The biggest contributors to performance were Lowe's and Teradyne. Shares of Lowe's performed well in the quarter as the home improvement space has been one of the few areas of retail that has done well in the current environment. Teradyne continues to report very strong results in its Test business, while Industrial Automation has struggled with COVID-19 manufacturing downturns. We expect longer term for the cobot solution to gain traction, but in the near-term, this business will likely continue to be soft. Other top contributors included Analog Devices, O'Reilly Automotive and Equifax.

The biggest detractors to performance were Lamar Advertising and Compass Group. Lamar's customers tend to be smaller, local businesses that have been particularly hard hit during COVID-19. The severity and length of the downturn could result in an extended period of lower-than-anticipated revenue for the company, which will have a significant impact on the company's cash flow and ability to pay its dividend. As a result, we sold our shares. The company subsequently reduced its dividend by half. COVID-19 hit Compass particularly hard. Much of its business has shut down. An extended shutdown will have a significant impact on the company's earnings and cash flow. As a result, we sold our shares. Other bottom contributors included CME Group, NextEra Energy and WEC Energy.

Purchases and Sales

During the quarter, we purchased Microsoft and we sold Compass Group and Lamar Advertising (rationales provided above).

Microsoft is a technology company that develops, licenses and supports a range of software products, services and devices. The company has done a great job transitioning from its old Windows/Office monopoly position to a software company that now has a dominant software position in the cloud (Azure). The company has solid operating margins and generates strong cash flow.

Outlook

Although the market has greatly recovered this quarter, we do not believe it is anticipating a robust economic recovery as many market commentators have suggested. If businesses were to get back to normal quickly, then many of the hardest hit areas in the stock market would not be 40% to 80% off of their 52-week highs set over the last year when the economy was not in a recession. Additionally, with the 10-year yield at a paltry 0.65% and the yield curve with only a slightly positive slope, this suggests a modest but not robust recovery. While there continues to be above-average uncertainty (second wave risk, election results, and economic recovery timeline) in the near term, we continue to believe our time-tested strategy of owning quality companies will continue to be rewarded over the long haul.

Portfolio Highlights

Style: Large Cap
Sub-Style: Value
Index: Russell 1000® Value
Portfolio Inception: 1994
Portfolio Assets: \$448.0 M
Portfolio Turnover: 25%–35%

Investment Management Team

Name	Years of research experience
Douglas S. Foreman, CFA Chief Investment Officer	34
Richard Sherry, CFA Portfolio Manager + Senior Research Analyst	22
Chris Armbruster, CFA Senior Research Analyst	15
Noran Eid Research Analyst	7

Top Five Holdings

As of June 30, 2020

Company	Percent of equity (%)
Lowe's	5.4
Teradyne	4.7
Marsh & McLennan	3.9
Analog Devices	3.7
Oracle	3.7
Total	21.5

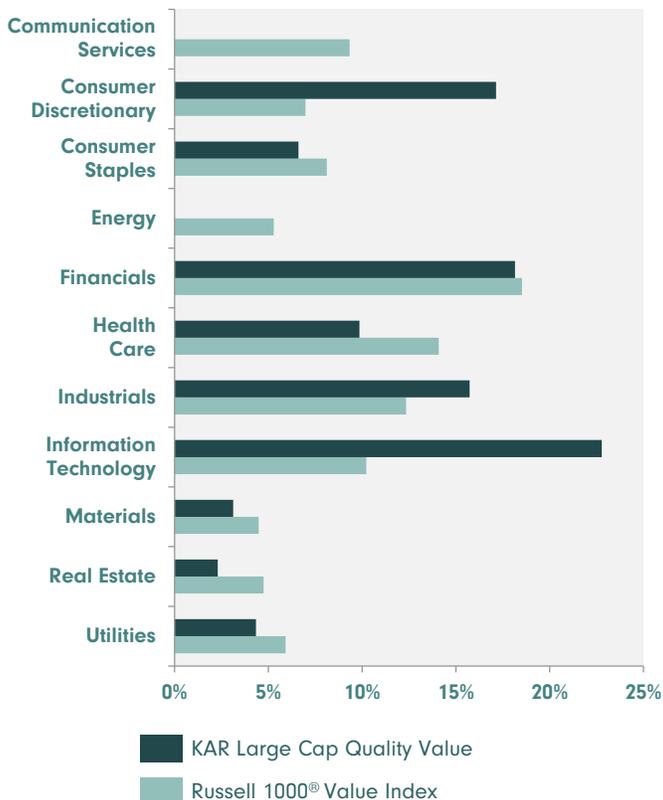
*This report is based on the assumptions and analysis made and believed to be reasonable by Advisor. However, no assurance can be given that Advisor's opinions or expectations will be correct. This report is intended for informational purposes only and should be not considered a recommendation or solicitation 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
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 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, 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
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 Large Cap Quality Value	Russell 1000 Value Index
Quality		
Return on Equity—Past 5 Years	22.0%	15.3%
Total Debt/EBITDA	2.9 x	5.3 x
Earnings Variability—Past 10 Years	29.1%	45.2%
Growth		
Earnings Per Share Growth—Past 5 Years	8.0%	6.9%
Earnings Per Share Growth—Past 10 Years	9.5%	7.0%
Dividend Per Share Growth—Past 5 Years	11.4%	9.4%
Dividend Per Share Growth—Past 10 Years	13.4%	11.9%
Capital Generation—{ROE x (1-Payout)}	12.6%	8.4%
Value		
P/E Ratio—Trailing 12 Months	25.1 x	19.7 x
Dividend Yield	1.7%	2.6%
Free Cash Flow Yield*	3.8%	4.8%
Market Characteristics		
\$ Weighted Average Market Cap	\$91.3 B	\$114.1 B
Beta†	0.86	1.00
Annualized Standard Deviation—Tenure Period†	14.2%	15.9%

*Free cash flow data is as of March 31, 2020. Prices are as of June 30, 2020. Excludes financials.

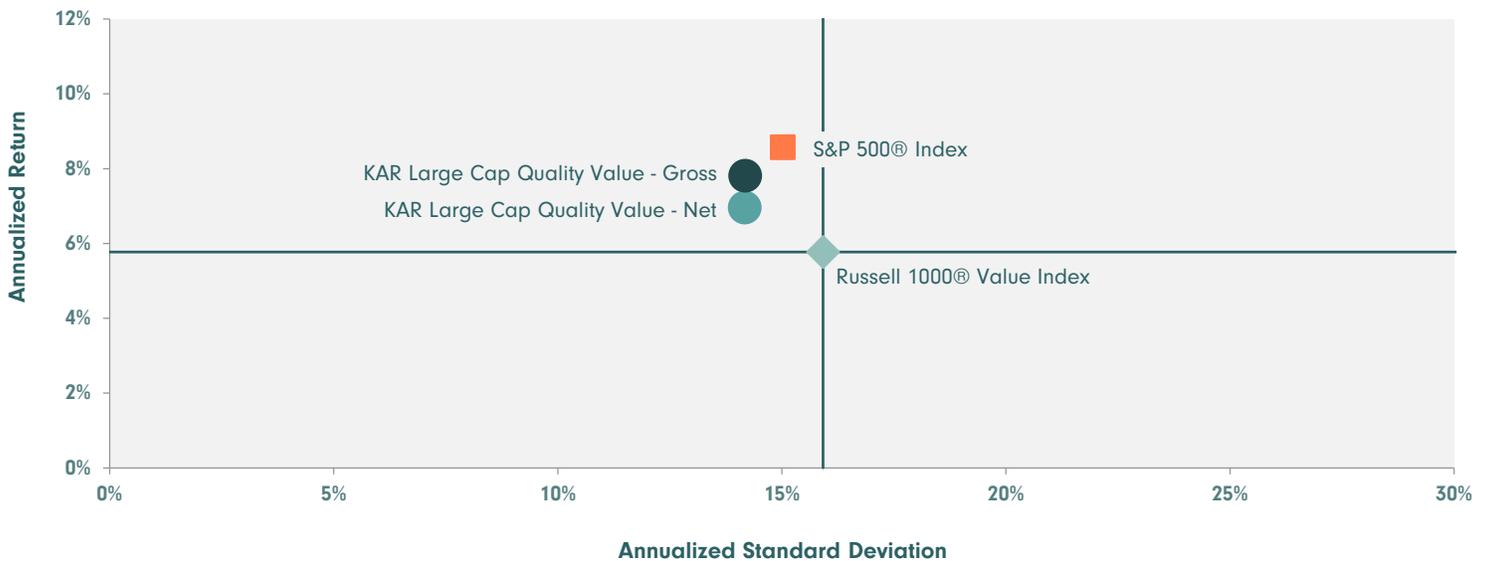
†Period from April 1, 2006 to June 30, 2020. This period delineates the period that Richard Sherry, CFA has managed the portfolio as the sole portfolio manager. This material is deemed supplemental and complements the performance and disclosure at the end of this presentation. Data is obtained from FactSet 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.**

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Risk-Return Analysis

Tenure Period*



Historical Returns

	KAR Large Cap Quality Value (gross)	KAR Large Cap Quality Value (net) [†]	Russell 1000 [®] Value Index
Annualized Returns (%)[†]			
As of June 30, 2020			
2 nd Quarter	17.93	17.73	14.29
Year to Date	(6.89)	(7.22)	(16.26)
One Year	0.53	(0.17)	(8.84)
Three Years	8.49	7.73	1.82
Five Years	8.58	7.83	4.64
Seven Years	9.74	8.98	7.11
Ten Years	11.91	11.12	10.41
Inception*	7.81	6.96	5.77
Annual Returns (%)			
2019	29.61	28.73	26.54
2018	(3.90)	(4.57)	(8.27)
2017	18.58	17.76	13.66
2016	10.70	9.93	17.34
2015	(3.09)	(3.76)	(3.83)
2014	13.88	13.07	13.45
2013	29.95	29.07	32.53
2012	13.63	12.85	17.51
2011	1.65	0.96	0.39
2010	14.30	13.19	15.51
2009	26.02	24.79	19.69
2008	(30.58)	(31.31)	(36.85)
2007	1.45	0.44	(0.17)
2006 [§]	14.21	13.37	15.40

Performance Statistics

Tenure Period*

	KAR Large Cap Quality Value	Russell 1000 [®] Value Index
Annualized Return	7.81	5.77
Annualized Standard Deviation	14.18	15.92
Alpha	2.47	0.00
Beta	0.86	1.00
Sharpe Ratio	0.47	0.29
Downside Capture	93.64	100.00
R-Squared	93.61	100.00

*Period from April 1, 2006 to June 30, 2020. This period delineates the period that Richard Sherry, CFA has managed the portfolio as the sole portfolio manager.

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

[‡]Net of all fees and expenses. Assumes a 0.70% annual fee.

[§]Performance calculations are for the nine months ended December 31, 2006.

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.**

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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 Large Cap Quality Value Composite has been examined for the period from January 1, 1999 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 Large Cap Quality Value Portfolios. Large Cap Quality Value Portfolios are invested in equity securities with market capitalizations consistent with the Russell 1000® Value Index, that have rising free cash flow, rising dividends and or stock repurchases, strong balance sheets and a high relative yield. For comparison

purposes, the composite is measured against the Russell 1000® Value Index. The Russell 1000® Value Index is a market capitalization-weighted index of value-oriented stocks of the 1,000 largest companies in the Russell Universe, which comprises of 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 composite was created in October 1994. Previously, only institutional accounts were included. A list of composite descriptions and policies for valuing portfolios, calculating performance and preparing compliant presentations are available upon request.

Prior to January 1, 2011, the composite minimum was \$250,000. Prior to January 1, 2011, accounts that experienced a significant cash flow, as defined as aggregate flows that exceeded 25% of the account's beginning of period market value, were temporarily removed from the composite. As of January 1, 2011, the composite was redefined to include both institutional and mutual fund [or pooled] accounts.

This composite contained 26% non-fee-paying portfolios as of December 31, 2004, 15% non-fee-paying portfolios as of December 31, 2006, < 1% non-fee-paying portfolios as of each annual period from 2013-2018.

The standard management fee schedule currently in effect is as follows: 0.70% for the first \$10 million; 0.55% on the next \$25 million; 0.45% on the next \$50 million; 0.35% 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 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 ended at the following dates:

3-Yr Annualized Standard Deviation (%)		
December 31	Composite	Benchmark
2011	18.19	20.98
2012	14.75	15.73
2013	12.04	12.88
2014	8.95	9.33
2015	11.08	10.83
2016	11.43	10.93
2017	10.44	10.34
2018	10.33	10.98

Year	Total Firm Assets (\$ millions)	Total Composite Assets (\$ millions)	Accounts at Year End	Gross Annual Return (%)	Net Annual Return (%)	Russell 1000® Value Index Annual Return (%)	Internal Dispersion
2009	4,010	11	14	26.02	24.79	19.69	0.20
2010	4,729	6	12	14.30	13.19	15.51	0.29
2011	5,232	63	24	1.65	0.96	0.39	0.21
2012	6,545	177	66	13.63	12.85	17.51	0.50
2013	7,841	183	61	29.95	29.07	32.53	0.34
2014	7,989	218	69	13.88	13.07	13.45	0.28
2015	8,095	197	65	(3.09)	(3.76)	(3.83)	0.27
2016	9,989	209	75	10.70	9.93	17.34	0.27
2017	14,609	465	394	18.58	17.76	13.66	1.29
2018	17,840	385	381	(3.90)	(4.57)	(8.27)	0.50

The Russell 1000® Value Index is a trademark/service mark of Frank Russell Company. Russell® is a trademark of Frank Russell Company.