

Mid Cap Sustainable Growth Portfolio

Second Quarter 2020

Portfolio Overview

The Mid Cap Sustainable Growth portfolio outperformed the Russell Midcap Growth Index in the second quarter. Performance was driven by strong stock selection in information technology and an underweight and strong selection in industrials. Poor stock selection in the consumer discretionary and health care sectors detracted from performance.

The biggest contributors to performance during the quarter were Bill.com and The Trade Desk. Bill.com's solid value proposition, easy to use software, strategic focus on the small and medium-sized business segment, and strong distribution partnerships form its competitive moat. Bill.com is also a natural beneficiary of businesses digitizing and automating one of the most labor intensive back-office operations. Providing further validation of the value of its software, it has also been selected by the three largest banks in the country to offer a white-labeled version to their commercial clients. The Trade Desk's shares sold off in March on fears of an advertising slowdown, but rebounded in the second quarter. The decline in advertising bottomed in April. The company defined its exposure to highly-impacted end markets of less than 20% and expectations rose for robust growth in the Connected TV (CTV) business. At about 25% of revenue, CTV is the company's most important strategic focus at the moment and one that could thrive under stay-at-home restrictions. The global TV ad market is at least \$250 billion and CTV is estimated to be just 3% penetrated with The Trade Desk named as the preferred provider by Disney, and getting premium inventory from Amazon, Comcast and Roku. Other top contributors include MercadoLibre, Okta and MarketAxess Holdings.

The biggest detractors from the portfolio were GSX Techedu and Elanco Animal Health. GSX was the subject of three high profile reports in the first quarter which alleged the company was fabricating its numbers. After speaking to management and multiple industry analysts, we are convinced that the company is not an outright fraud, which the reports conclude, but that it does face increasing headwinds in the form of well-funded new competitors and rising customer acquisition costs. We believe it was prudent to reduce our position in the name given its heightened risk profile and its large weight in the portfolio. Elanco Animal Health saw its shares fall as the onset of COVID-19 temporarily impacted companion animal veterinary visits, which dampened demand for some of its pharmaceuticals. Other bottom contributors include Ross Stores, Trip.com and Mettler-Toledo International.

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.

Purchases and Sales

New Purchases	Complete Sales
Coupa Software	Elastic
Zoominfo Technologies	

Portfolio Highlights

Style: Mid Cap
Sub-Style: Growth
Index: Russell Midcap® Growth
Portfolio Assets: \$1,882.3 M
Portfolio Turnover: 25%–35%

Investment Management Team

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

Top Five Holdings

As of June 30, 2020

Company	Percent of equity (%)
Bill.com	5.8
Trade Desk	4.9
MercadoLibre	4.7
Okta	4.5
Avalara	4.1
Total	24.0

*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
<p>Qualitative Methods</p> <ul style="list-style-type: none"> Investment conferences Meetings with companies Industry reviews Research on existing portfolio holdings Third-party research <p>Quantitative Screens</p> <ul style="list-style-type: none"> High return on capital over a full economic cycle Earnings surprise Long and resilient earnings history High return on net operating assets Minimal debt 	<p>Qualitative Analysis</p> <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 <p>Financial Analysis</p> <ul style="list-style-type: none"> Evaluate basis for superior profitability, long-term growth potential, and ability to allocate capital appropriately <p>Valuation Analysis</p> <ul style="list-style-type: none"> Determine the current and potential value of the business 	<p>Position Weights</p> <ul style="list-style-type: none"> Maximum initial position size is 5% (at cost) Maximum position size is 10% (at market) <p>Sector Tolerances</p> <ul style="list-style-type: none"> Seek broad diversification, but no sector constraints <p>Holding Period</p> <ul style="list-style-type: none"> Typically 3-to-5 years, but is often longer Portfolio turnover is typically 25% to 35% <p>Cash Levels</p> <ul style="list-style-type: none"> Typically will not exceed 10% once a portfolio is fully invested; review by CIO triggered if over 10% 	<p>Negative Company or Industry Changes</p> <p>Portfolio Upgrade</p> <p>Acquisition Activity</p> <p>Extended Valuation</p>
Higher Quality		Stronger, More Consistent Growth	

Portfolio Characteristics

As of June 30, 2020

	KAR Mid Cap Sustainable Growth	Russell Midcap [®] Growth Index
Quality		
Return on Equity—Past 5 Years	23.5%	17.9%
Total Debt/EBITDA	6.6 x	5.7 x
Earnings Variability—Past 10 Years	35.7%	52.4%
Growth		
Sales Per Share Growth—Past 5 Years	17.3%	13.5%
Earnings Per Share Growth—Past 5 Years	18.7%	15.8%
Earnings Per Share Growth—Past 10 Years	16.1%	13.2%
Value		
P/E Ratio—Trailing 12 Months	107.3 x	68.2 x
P/E Ratio—1 Year Forecast FY EPS	47.0 x	32.9 x
Free Cash Flow Yield*	1.1%	2.3%
Market Characteristics		
\$ Weighted Average Market Cap	\$21.3 B	\$18.7 B
Largest Market Cap	\$82.8 B	\$48.0 B

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

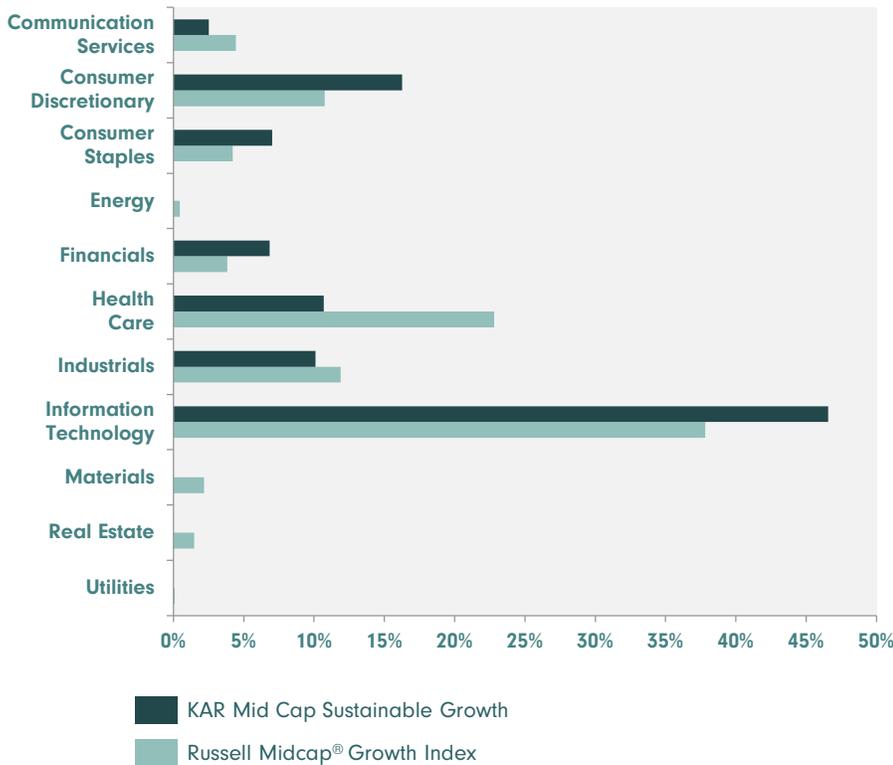
Data is obtained from FactSet Research Systems and BNY Mellon and is assumed to be reliable. Other principal consultant firms may use different algorithms to calculate selected statistics. Estimates are based on certain assumptions and historical information. **Past performance is no guarantee of future results.**

Mid Cap Sustainable Growth Portfolio

Second Quarter 2020

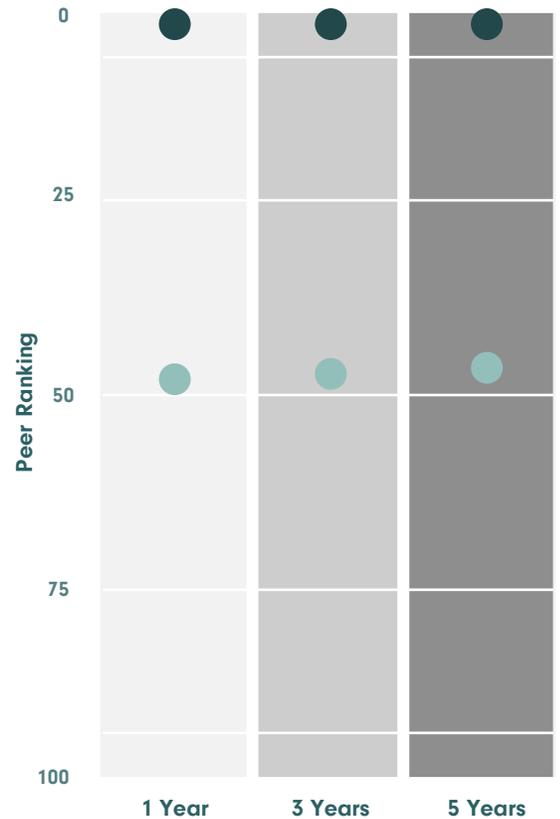
Sector Diversification

As of June 30, 2020



Peer Comparison Chart

Annualized Returns Ending June 30, 2020



Historical Returns

	KAR Mid Cap Sustainable Growth (gross)	KAR Mid Cap Sustainable Growth (net) [†]	Russell Midcap Growth Index
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Annualized Returns (%)[†]

As of June 30, 2020

2 nd Quarter	38.49	38.25	30.26
Year to Date	27.40	26.94	4.16
One Year	34.71	33.73	11.91
Three Years	31.10	30.14	14.76
Five Years	22.11	21.21	11.60
Seven Years	19.46	18.58	13.24
Inception*	19.07	18.19	14.55

Annual Returns (%)

2019	44.29	43.25	35.47
2018	9.04	8.23	(4.75)
2017	35.26	34.28	25.27
2016	3.27	2.50	7.33
2015	4.06	3.30	(0.20)
2014	4.98	4.18	11.90
2013	26.46	25.54	35.74
2012	13.97	13.12	15.81

*January 1, 2012

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

[†]Net of all fees and expenses. Assumes a 0.75% 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. 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 from FactSet Research Systems and is assumed to be reliable. **Past performance is no guarantee of future results.**

● KAR Mid Cap Sustainable Growth

● Russell Midcap Growth Index

Performance Statistics

Inception* to June 30, 2020

	KAR Mid Cap Sustainable Growth	Russell Midcap Growth Index
Annualized Return	19.07	14.55
Annualized Standard Deviation	16.02	15.00
Beta	0.98	1.00
Sharpe Ratio	1.15	0.93
R-Squared	83.63	100.00

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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. 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 Mid Cap Sustainable Growth Portfolios. Mid Cap Sustainable Growth Portfolios are invested in equity securities with market capitalizations consistent with the Russell Midcap® Growth 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 Midcap® Growth Index. The Russell Midcap® Growth Index is a market capitalization-weighted index of growth-oriented stocks of the 800 smallest companies in the Russell 1000® Index, which comprises the 1,000 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 January 2012. A list of composite descriptions and policies for valuing portfolios, calculating performance and preparing compliant presentations are available upon request.

This composite contained 100% non-fee-paying portfolios as of December 31, 2012, 100% non-fee-paying portfolios as of December 31, 2013, and < 1% non-fee-paying portfolios as of each annual period from 2014-2018.

The standard 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. 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

management fees and 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. 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
2014	11.25	11.02
2015	13.28	11.47
2016	14.38	12.35
2017	13.14	11.04
2018	14.52	13.00

Year	Total Firm Assets (\$ millions)	Total Composite Assets (\$ millions)	Accounts at Year End	Gross Annual Return (%)	Net Annual Return (%)	Russell Midcap® Growth Index Annual Return (%)	Internal Dispersion
2012	6,545	82	< 5	13.97	13.12	15.81	N/A
2013	7,841	93	< 5	26.46	25.54	35.74	N/A
2014	7,989	90	< 5	4.98	4.18	11.90	N/A
2015	8,095	88	< 5	4.06	3.30	(0.20)	N/A
2016	9,989	83	< 5	3.27	2.50	7.33	N/A
2017	14,609	98	< 5	35.26	34.28	25.27	N/A
2018	17,840	172	7	9.04	8.23	(4.75)	N/A

The Russell Midcap® Growth Index and Russell 1000® Index are a trademarks/service marks of Frank Russell Company. Russell® is a trademark of Frank Russell Company.