

Small Cap Quality Value Portfolio

Second Quarter 2020

Portfolio Review

The Small Cap Quality Value portfolio outperformed the Russell 2000 Value Index during the second quarter. An overweight and strong stock selection in the consumer discretionary sector and strong stock selection in the producer durables sector contributed positively to performance. An underweight in energy and an underweight and poor stock selection in health care detracted from performance.

The biggest contributors to performance during the quarter were Thor Industries and CoreLogic. Due to COVID-19 and its impact on consumers' lack of interest in utilizing airplanes and hotels for travel purposes, the RV industry has experienced healthy demand for Thor's products as traveling in an RV can permit physical distancing and personal living space. In the most recent quarter, CoreLogic reported a pickup in revenue growth and profit margin expansion. The improved business results are due to market-share gains and a favorable mortgage origination environment, as rate cuts by the Fed triggered a significant increase in refinance activity. With investor concerns about COVID headwinds now replaced with investor optimism for revenue and profit growth in 2020, the share price hit 52-week highs towards the end of the second quarter. It is also worth noting that at the end of the quarter a hostile bid for the company was announced by an outside investor group, which increased the share price further. Other top contributors included Scotts Miracle-Gro, SiteOne Landscape Supply and Brooks Automation.

The biggest detractors to performance were RLI and WD-40. Due to uncertainty around property & casualty claims related to COVID-19, RLI's stock did not participate as strongly in the second-quarter market rally. WD-40 remained resilient during the broader market sell off in the first quarter, but it did not participate as much in the broader market rebound in the second quarter. We believe that WD-40 is well positioned to continue to grow by leveraging the company's highly recognizable brand. Other detractors included Graco, Cass Information Systems and First Financial Bankshares.

Purchases and Sales

During the quarter, we purchased ServiceMaster. We sold Cass Information Systems and Cinemark. ServiceMaster provides residential and commercial termite and pest control and national accounts pest control services, among other services. Terminix is one of their largest segments and is the best known brand in termite control. Due to its size, Terminix can get more return on investment in national marketing than local and regional competitors, providing it a customer acquisition cost advantage. The business also benefits from route density as it provides local scale advantages to the pest & termite control businesses with the most customer stops in a region. We sold Cass Information Systems as we believe there are major hurdles for the company that will be hard to overcome, specifically issues related to interest rates at zero and low oil prices. With the stock holding up well in the market decline due to its debt-free balance sheet, we sold our position to help fund increases to existing portfolio positions. With most movie theaters closed globally, Cinemark has had no revenues during the past couple of months. It will be difficult for the company to match past profitability with social distancing leading to lower capacity, consumers' adoption of streaming services, and movie studios producing fewer box office titles.

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: Small Cap
Sub-Style: Value
Index: Russell 2000® Value
Portfolio Inception: 1998
Portfolio Assets: \$3,738.9 M
Portfolio Turnover: 25%–35%

Investment Management Team

Name	Years of research experience
Douglas S. Foreman, CFA Chief Investment Officer	34
Julie Kutsov Portfolio Manager + Senior Research Analyst	19
Craig Stone Portfolio Manager + Senior Research Analyst	31
Todd Beiley, CFA Senior Research Analyst	21
Julie Biel, CFA Senior Research Analyst	12
Jon Christensen, CFA Senior Research Analyst	25
Chris Wright, CFA Senior Research Analyst	8
Sean Dixon Research Analyst	11
Adam Xiao, CFA Research Analyst	5

Top Five Holdings

As of June 30, 2020

Company	Percent of equity (%)
Scotts Miracle-Gro	8.0
CoreLogic	5.5
SiteOne Landscape Supply	5.4
Brooks Automation	5.2
Thor Industries	4.8
Total	28.9

*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 Non-U.S. Holdings <ul style="list-style-type: none"> Up to 20% 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

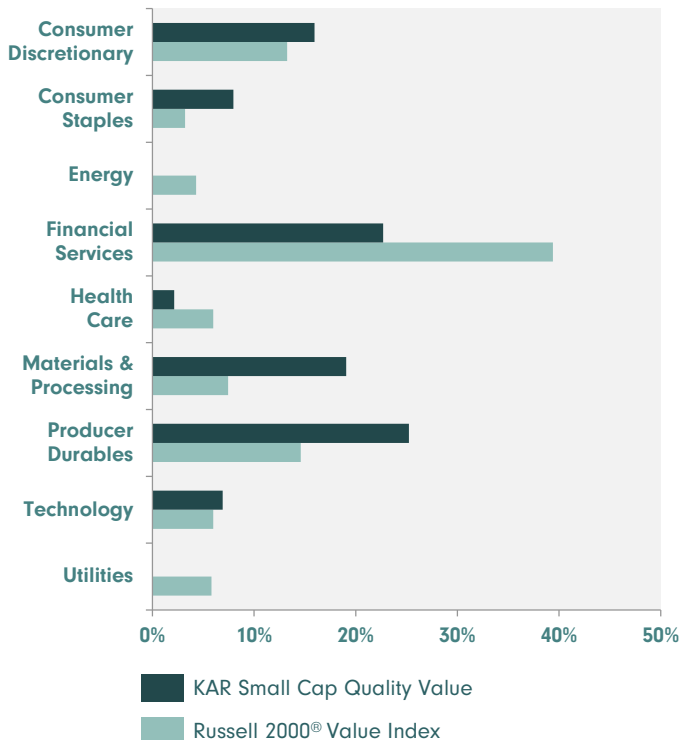
Higher Quality

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 Russell sector classifications. Data is obtained by FactSet Research Systems and is assumed to be reliable.

Portfolio Characteristics

As of June 30, 2020

	KAR Small Cap Quality Value	Russell 2000 Value Index
Quality		
Return on Equity—Past 5 Years	21.8%	8.4%
Total Debt/EBITDA	3.1 x	9.4 x
Earnings Variability—Past 10 Years	34.3%	70.6%
Growth		
Earnings Per Share Growth—Past 5 Years	9.6%	6.3%
Earnings Per Share Growth—Past 10 Years	8.6%	6.6%
Dividend Per Share Growth—Past 5 Years	11.9%	6.4%
Dividend Per Share Growth—Past 10 Years	8.9%	7.2%
Capital Generation—{ROE x (1-Payout)}	13.3%	5.8%
Value		
P/E Ratio—Trailing 12 Months	30.0 x	23.5 x
Dividend Yield	1.5%	2.3%
Free Cash Flow Yield [†]	4.1%	6.3%
Market Characteristics		
\$ Weighted Average Market Cap—3-Year Avg.	\$3.6 B	\$2.0 B
Largest Market Cap—3-Year Avg.	\$10.8 B	\$6.8 B
Annualized Standard Deviation—Since Inception [‡]	16.6%	19.1%

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

[‡]June 1, 1998

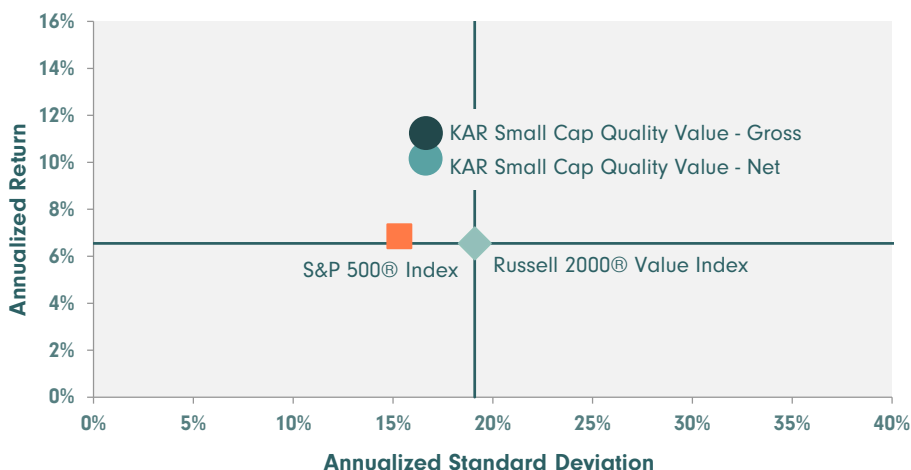
This material is deemed supplemental and complements the performance and disclosure at the end of this presentation. Data is obtained from FactSet Research Systems and BNY Mellon and is assumed to be reliable. Other principal consultant firms may use different algorithms to calculate selected statistics. Estimates are based on certain assumptions and historical information. **Past performance is no guarantee of future results.**

Small Cap Quality Value Portfolio

Second Quarter 2020

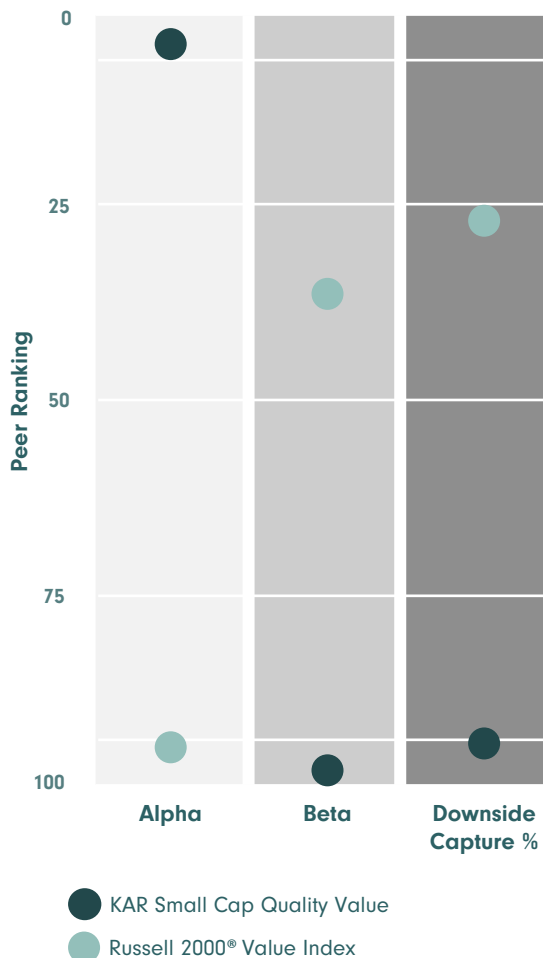
Strong Risk-Adjusted Returns

Inception* to June 30, 2020



Peer Comparison Chart

Inception* to June 30, 2020



Historical Returns

	KAR Small Cap Quality Value (gross)	KAR Small Cap Quality Value (net) [‡]	Russell 2000 [®] Value Index
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Annualized Returns (%)[†]

As of June 30, 2020

2 nd Quarter	29.13	28.83	18.91
Year to Date	0.75	0.25	(23.50)
One Year	10.46	9.36	(17.48)
Three Years	6.67	5.61	(4.35)
Five Years	10.09	9.01	1.26
Seven Years	11.49	10.39	3.98
Ten Years	13.15	12.04	7.82
Inception*	11.24	10.15	6.55

Annual Returns (%)

2019	25.79	24.56	22.39
2018	(14.80)	(15.66)	(12.86)
2017	20.48	19.30	7.84
2016	26.74	25.50	31.74
2015	(0.16)	(1.16)	(7.47)
2014	3.05	2.00	4.22
2013	41.06	39.72	34.52
2012	9.97	8.87	18.05
2011	6.57	5.54	(5.50)
2010	25.10	23.88	24.50
2009	26.97	25.73	20.58
2008	(28.51)	(29.26)	(28.92)
2007	2.19	1.18	(9.78)
2006	24.45	23.25	23.48
2005	8.88	7.79	4.71
2004	28.10	26.83	22.25
2003	21.88	20.69	46.03
2002	1.11	0.10	(11.43)
2001	19.42	18.29	14.02
2000	24.92	23.70	22.83
1999	(7.69)	(8.60)	(1.49)
1998 [§]	9.61	9.07	(10.93)

*June 1, 1998

[†]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.

[§]Performance calculations are for the seven months ended December 31, 1998.

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 Small Cap Value Universe includes all managers categorized in the small cap value 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 Small Cap Quality Value	Russell 2000 [®] Value Index
Annualized Return	11.24	6.55
Annualized Standard Deviation	16.65	19.09
Alpha	5.47	0.00
Beta	0.77	1.00
Sharpe Ratio	0.56	0.24
R-Squared	77.18	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.

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 Small 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 Small Cap Quality Value Portfolios. Small Cap Quality Value Portfolios are invested in equity securities with capitalizations consistent with the Russell 2000® Value 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 2000® Value Index. The Russell 2000® Value Index is a market capitalization-weighted index of value-oriented stocks of the 2,000 smallest companies in the Russell Universe, which comprises 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 independent verifiers. The composite was created in June 1998. 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. As of January 1, 2011, the composite was redefined to include both institutional and mutual fund [or pooled] accounts. Prior to January 1, 2011, accounts that experienced a significant cash flow, defined as aggregate flows that exceeded 25% of the account's beginning of period market value, were temporarily removed from the composite.

The standard management fee schedule currently in effect is as follows: 1.00% for the first \$25 million; 0.80% on the next \$25 million; 0.70% 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	21.64	26.42
2012	16.24	20.17
2013	14.50	16.05
2014	13.06	12.98
2015	13.94	13.65
2016	14.30	15.72
2017	12.32	14.17
2018	14.42	15.98

Year	Total Firm Assets (\$ millions)	Total Composite Assets (\$ millions)	Accounts at Year End	Gross Annual Return (%)	Net Annual Return (%)	Russell 2000® Value Index Annual Return (%)	Internal Dispersion
2009	4,010	71	66	26.97	25.73	20.58	0.80
2010	4,729	98	77	25.10	23.88	24.50	0.60
2011	5,232	521	106	6.57	5.54	(5.50)	0.48
2012	6,545	474	120	9.97	8.87	18.05	0.35
2013	7,841	646	142	41.06	39.72	34.52	1.05
2014	7,989	581	149	3.05	2.00	4.22	0.52
2015	8,095	535	151	(0.16)	(1.16)	(7.47)	0.20
2016	9,989	711	141	26.74	25.50	31.74	1.13
2017	14,609	996	191	20.48	19.30	7.84	0.56
2018	17,840	895	152	(14.80)	(15.66)	(12.86)	0.35

The Russell 2000® Value Index is a trademark/service mark of Frank Russell Company. Russell® is a trademark of Frank Russell Company.