

# High Quality Intermediate Municipal Bond Portfolio

## Second Quarter 2021

Strategic Input	Security Selection & Portfolio Construction	Sell Discipline
<ul style="list-style-type: none"> <li>Trends in U.S. and global economies</li> <li>Developments in state and local economies</li> <li>Direction of monetary and fiscal policy</li> <li>Term structure of interest rates</li> <li>Pricing of credit risk</li> <li>Inflation expectations</li> <li>Growth expectations</li> <li>Sector outlook</li> </ul>	<ul style="list-style-type: none"> <li>Develop duration and yield curve positioning strategies</li> <li>Conduct Credit Analysis                             <ul style="list-style-type: none"> <li>High quality-investment grade</li> <li>Essential services and critical infrastructure</li> <li>Geographic/sector diversification</li> </ul> </li> <li>Conduct Structure Analysis                             <ul style="list-style-type: none"> <li>Intermediate duration</li> <li>Coupon/callability/final maturity</li> </ul> </li> <li>Select individual issues                             <ul style="list-style-type: none"> <li>Highly liquid</li> <li>20-40 securities</li> </ul> </li> <li>Evaluate security structure to seek to enhance yield and lower volatility</li> </ul>	<ul style="list-style-type: none"> <li>Portfolio or sector duration adjustment</li> <li>Overvalued security</li> <li>Negative sector development</li> <li>Negative security development</li> </ul>

### Portfolio Highlights

**Style:** Intermediate High Quality  
**Index:** Bloomberg Barclays 5-Year Municipal Bond  
**Portfolio Inception:** 1994  
**Strategy Assets:** \$670.4 M\*

### Investment Objective

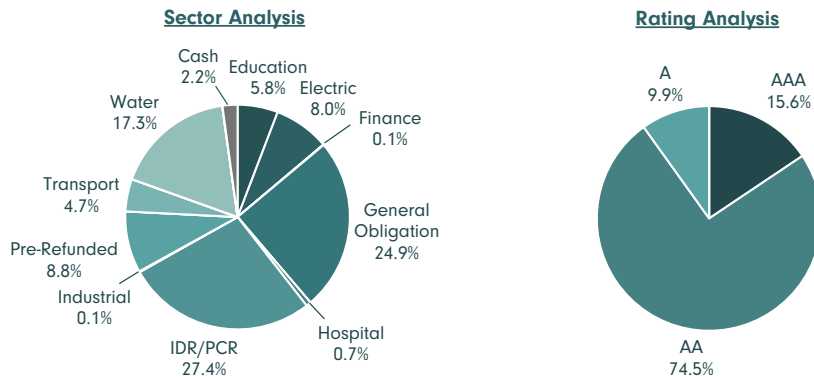
- Preserve capital and generate a high level of tax-free income consistent with the current market environment

### Investment Strategy

- High quality
- Intermediate duration
- High liquidity
- Commitment to economic and geographic sector diversification
- Focus on essential services and critical infrastructure

### Sector and Rating Analysis

As of June 30, 2021



### Historical Returns

	KAR HQ Intermediate Municipal Bond (gross)	KAR HQ Intermediate Municipal Bond (net) <sup>§</sup>	Bloomberg Barclays 5-Year Municipal Bond Index
<b>Annualized Returns (%)<sup>†</sup></b>			
As of June 30, 2021			
2nd Quarter	0.84	0.72	0.48
Year To Date	0.28	0.03	0.17
One Year	2.11	1.60	2.24
Three Years	3.99	3.47	3.75
Five Years	2.45	1.93	2.38
Seven Years	2.94	2.43	2.51
Ten Years	3.41	2.90	2.71
Inception <sup>‡</sup>	4.24	3.72	4.11
<b>Annual Returns (%)</b>			
2020	4.17	3.65	4.29
2019	5.85	5.33	5.45
2018	1.53	1.03	1.69
2017	3.93	3.41	3.14
2016	0.00	(0.50)	(0.39)
2015	2.98	2.47	2.43
2014	5.96	5.43	3.19
2013	0.26	(0.24)	0.81
2012	4.70	4.19	2.96
2011	8.39	7.85	6.93
2010	3.40	2.89	3.40
2009	7.62	7.09	7.40

\*Includes all municipal bond assets managed by the firm.

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

<sup>‡</sup>January 1, 1994

<sup>§</sup>Net of all fees and expenses. Assumes a 0.50% annual investment management fee. Other fees may apply for additional wealth management services.

### Investment Management Team

Name	Years of experience
<b>Kimberly C. Friedrichs</b> Managing Director of Fixed Income	<b>34</b>
<b>Lisa Holmes, CFP®</b> Senior Fixed Income Analyst/Trader	<b>22</b>
<b>Brian Chi</b> Municipal Analyst/Trader	<b>11</b>

### Portfolio Characteristics

As of June 30, 2021

Average Credit Quality	Aa2/AA
Average Duration (Effective)	4.1 Years
Average Coupon	4.8%
Current Yield	4.1%
Average Yield to Maturity	2.2%

### Maturity

As of June 30, 2021

	Percent (%)
< 1 Year	9.7
1-3 Years	21.6
3-5 Years	36.0
5-7 Years	22.8
7-10 Years	9.8
10-15 Years	0.1
<b>Total</b>	<b>100.0</b>

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. Characteristics and maturity data is based on the average of the accounts in the KAR High Quality Intermediate Municipal Bond Composite. Individual Investors' holdings may differ slightly. Data is obtained from FactSet Research Systems and a major consulting firm and is assumed to be reliable. **Past performance is no guarantee of future results.** Numbers may not always add up due to rounding.

## High Quality Intermediate Municipal Bond Portfolio

Second Quarter 2021

### Disclosure

Year	Composite Gross Return (%)	Composite Net Return (%)	Barclays Five-Year Municipal Bond Index Return (%)	Composite 3-Yr Std Dev (%)	Benchmark 3-Yr Std Dev (%)	Number of Accounts	Internal Dispersion (%)	Composite Assets (\$ Millions)	Firm Assets (\$ Millions)
2010	3.40	2.89	3.40	4.65	4.43	32	0.30	123	4,729
2011	8.39	7.85	6.93	3.73	3.33	31	0.71	126	5,232
2012	4.70	4.19	2.96	2.79	2.42	40	0.30	158	6,545
2013	0.26	(0.24)	0.81	2.83	2.38	34	0.56	112	7,841
2014	5.96	5.43	3.19	2.57	2.14	43	1.11	167	7,989
2015	2.98	2.47	2.43	2.43	2.13	40	0.31	150	8,095
2016	0.00	(0.50)	(0.39)	3.01	2.47	43	0.26	166	9,989
2017	3.93	3.41	3.14	3.03	2.63	325	0.77	647	14,609
2018	1.53	1.03	1.69	3.07	2.60	335	0.26	589	17,840
2019	5.85	5.33	5.45	2.01	2.03	366	0.80	643	25,685

KAR (as defined below) claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS® standards. KAR has been independently verified for the period January 1, 1999 through December 31, 2019. 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 ("KAR"), 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. KAR manages a variety of equity and fixed-income strategies focusing exclusively on securities the firm defines as high quality.

The composite includes all non-commissionable, fully discretionary, High Quality Intermediate Municipal Bond Portfolios. High Quality Intermediate Municipal Bond Portfolios are invested in high-quality, intermediate maturity securities that provide

investors with current income exempt from applicable state and federal income taxes. For comparison purposes, the composite is measured against the Bloomberg Barclays Five-Year Municipal Bond Index, which is a market value weighted index of national municipal bond issues with maturities between four and six years. Benchmark returns are not covered by the report of the independent verifiers.

The minimum account size for this composite is \$450,000. The composite was created in January 2017. A list of composite descriptions and policies for valuing portfolios, calculating performance and preparing compliant presentations are available upon request. For periods prior to January 1, 2017, the composite calculations have been linked to the firm's California Intermediate Municipal Bond actual historical non-wrap fee composite performance.

Non-fee-paying portfolios represent 1.3% of the composite assets at year-end 2018 and 1.2% at year-end 2019.

The standard management fee schedule currently in effect is as follows: 0.50% for the first \$5 million; 0.35% on the next \$5 million; 0.25% 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 1/12<sup>th</sup> 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.