

Small Cap Core Portfolio

Second Quarter 2021



Manager of the
Decade for the last
6 years (2015 - 2020)

Portfolio Review

The Small Cap Core portfolio delivered positive performance but underperformed the Russell 2000 Index in the second quarter. Poor stock selection in communication services and poor stock selection and an underweight in energy detracted from performance. Good stock selection in industrials and good stock selection and an underweight in health care contributed positively to performance.

The biggest contributors to performance during the quarter were Manhattan Associates and Watts Water Technologies.

- Manhattan Associates benefited from the increased scrutiny on company supply chains as a result of the pandemic. Following cloud launches of its flagship products, the company has seen strong demand and improved economies of scale.
- Watts Water Technologies recently benefitted from the repair and replacement cycle brought on by the freeze in the southern United States during the most recent winter. Also, the company continues to benefit from increased prices on its products.
- Other top contributors included Acushnet, Rightmove, and EMCOR Group.

The biggest detractors to performance during the quarter were Autohome and Landstar System.

- Autohome's shares fell due to recent gains in market share made by a competitor, uncertainty with a new CEO, weakening new car sales in China, and intensified regulatory scrutiny of internet companies in the country.
- Landstar System reported growth in the number of loads and an increase in the revenue per load. We believe the underperformance of Landstar's stock price in the quarter can be attributed to the market viewing the increased pricing per load as only a short-term benefit to the company as the trucking industry continues to work through the COVID-19 environment.
- Other bottom contributors included Aspen Technology, PriceSmart, and RLI.

Purchases and Sales

During the quarter, we purchased Landstar System. There were no complete sales in the portfolio.

Landstar System is an asset-light provider of freight transportation services and supply chain solutions. The company sources transportation services from third-party capacity providers across the freight transportation spectrum via independent commissioned sales agents. We believe Landstar System's value proposition is derived from aggregating independent commissioned sales agents and third-party capacity providers onto its transportation services network to fulfill capacity needs for both large and small shippers, on short notice, with multiple pick-up and delivery points, and with access to specialized equipment.

Outlook

Despite elevated valuations, we believe investors should stay the course and remain invested. Price/earnings (PE) ratios are higher than normal, but this is not unusual when earnings are rapidly recovering and corporate earnings were strong in the first quarter. Ironically, PE ratios may decline as the earnings recovery unfolds. However, as long as earnings growth exceeds multiple contractions, we believe returns should be favorable for investors. As always, our focus remains on high quality businesses regardless of the current economic regime. We believe competitive protections and differentiation are the key investment metrics that matter the most over the long term.

Portfolio Highlights

Style: Small Cap
Sub-Style: Core
Index: Russell 2000®
Portfolio Inception: 1992
Portfolio Assets: \$10,728.6 M
Portfolio Turnover: 25%–35%

Investment Management Team

Name	Years of research experience
Douglas S. Foreman, CFA Chief Investment Officer	35
Todd Bailey, CFA Portfolio Manager + Senior Research Analyst	22
Jon Christensen, CFA Portfolio Manager + Senior Research Analyst	26
Julie Biel, CFA Senior Research Analyst	13
Julie Kutasov Senior Research Analyst	20
Craig Stone Senior Research Analyst	32
Chris Wright, CFA Senior Research Analyst	9
Sean Dixon Research Analyst	12
Adam Xiao, CFA Research Analyst	6

Top Five Holdings

As of June 30, 2021

Company	Percent of equity (%)
FTI Consulting	6.0
EMCOR Group	5.7
Teledyne Technologies	5.3
Acushnet Holdings	5.1
Simpson Manufacturing	5.0
Total	27.2

*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 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

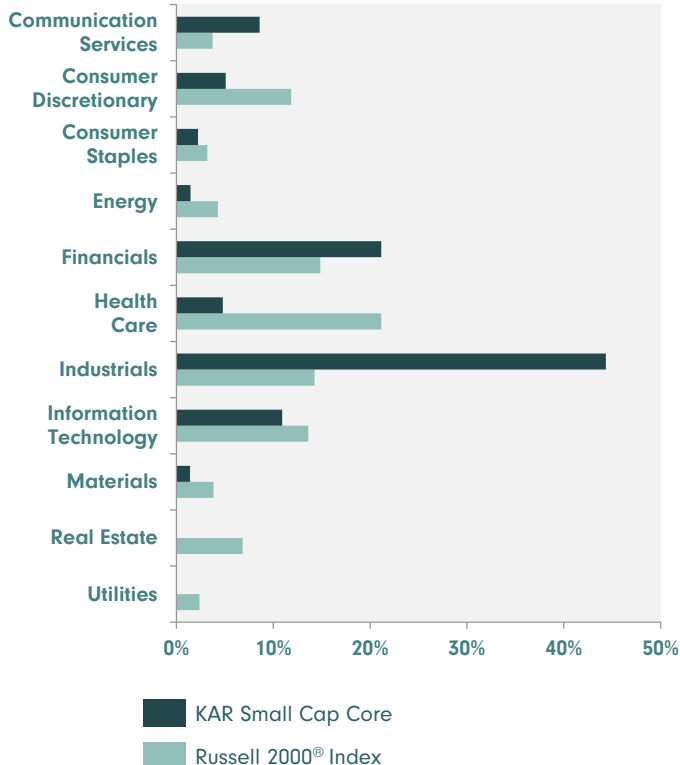
Higher Quality

Stronger, More Consistent Growth

Better Value

Sector Diversification

As of June 30, 2021



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, 2021

	KAR Small Cap Core	Russell 2000® Index
Quality		
Return on Equity—Past 5 Years	21.9%	7.5%
Total Debt/EBITDA	1.0 x	6.4 x
Earnings Variability—Past 10 Years	30.9%	82.0%
Growth		
Earnings Per Share Growth—Past 10 Years	12.7%	6.2%
Dividend Per Share Growth—Past 10 Years	12.9%	6.1%
Capital Generation—{ROE x (1-Payout)}	15.9%	6.0%
Value		
P/E Ratio—Trailing 12 Months	26.9 x	101.1 x
Dividend Yield	1.1%	0.9%
Free Cash Flow Yield*	4.4%	2.8%
Market Characteristics		
\$ Weighted Average Market Cap—3-Year Avg.	\$7.7 B	\$2.6 B
Largest Market Cap—3-Year Avg.	\$16.4 B	\$11.4 B
Annualized Standard Deviation—Since Inception†	15.2%	19.2%

*Free cash flow data is as of March 31, 2021. Prices are as of June 30, 2021. Excludes financials. †April 1, 1992

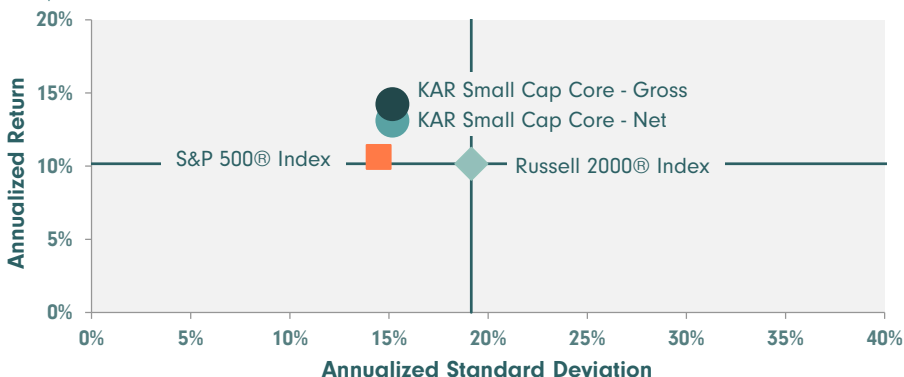
This material is deemed supplemental and complements the performance and disclosure at the end of this presentation. Data is obtained from FactSet Research Systems and BNY Mellon and is assumed to be reliable. Other principal consultant firms may use different algorithms to calculate selected statistics.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

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Second Quarter 2021

Strong Risk-Adjusted Returns

Inception* to June 30, 2021



Historical Returns

	KAR Small Cap Core (gross)	KAR Small Cap Core (net) [‡]	Russell 2000 [®] Index
Annualized Returns (%)[†]			
As of June 30, 2021			
2 nd Quarter	3.92	3.66	4.29
Year to Date	10.83	10.28	17.54
One Year	39.26	37.91	62.03
Three Years	19.60	18.42	13.52
Five Years	23.49	22.28	16.47
Seven Years	19.01	17.84	11.39
Ten Years	17.03	15.88	12.34
Inception*	14.23	13.10	10.16
Annual Returns (%)			
2020	23.17	21.97	19.96
2019	40.88	39.51	25.52
2018	(0.83)	(1.82)	(11.01)
2017	36.61	35.29	14.65
2016	19.10	17.93	21.31
2015	2.37	1.36	(4.41)
2014	7.51	6.43	4.89
2013	30.10	28.84	38.82
2012	13.42	12.29	16.35
2011	10.14	9.08	(4.18)
2010	25.00	23.79	26.85
2009	32.09	30.80	27.17
2008	(27.64)	(28.40)	(33.79)
2007	3.16	2.14	(1.57)
2006	13.43	12.30	18.37
2005	7.78	6.70	4.55
2004	23.37	22.14	18.33
2003	34.34	33.06	47.25
2002	(12.74)	(13.62)	(20.48)
2001	6.16	5.13	2.49
2000	21.38	20.18	(3.02)
1999	6.09	5.06	21.26
1998	21.39	20.20	(2.55)
1997	20.82	19.63	22.36
1996	27.00	25.74	16.49
1995	17.47	16.30	28.45
1994	2.75	1.74	(1.82)
1993	20.00	18.84	18.88
1992	9.65	8.85	10.16

*April 1, 1992

[†]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.

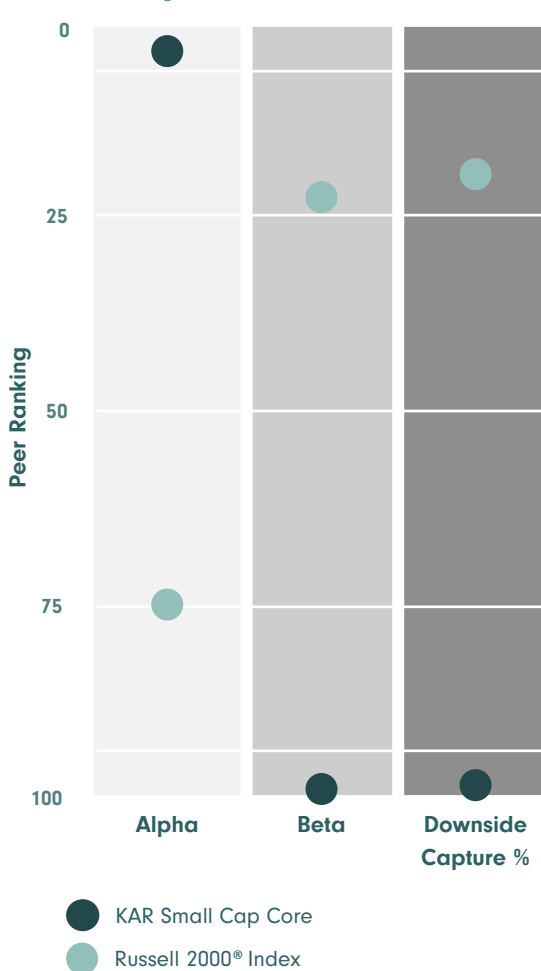
[§]Performance statistics are based on gross of fee returns.

^{||}Performance calculations are for the nine months ended December 31, 1992.

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 Core Universe includes all managers categorized in the small cap core 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.**

Peer Comparison Chart

Ten Years Ending June 30, 2021



Performance Statistics

Inception* to June 30, 2021

	KAR Small Cap Core [§]	Russell 2000 [®] Index
Annualized Standard Deviation	15.17	19.15
Alpha	5.96	0.00
Beta	0.69	1.00
Sharpe Ratio	0.78	0.41
R-Squared	75.90	100.00

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Disclosure

Year	Composite Gross Return (%)	Composite Net Return (%)	Russell 2000® Index Return (%)	Composite 3-Yr Std Dev (%)	Benchmark 3-Yr Std Dev (%)	Number of Accounts	Internal Dispersion (%)	Composite Assets (\$ Millions)	Firm Assets (\$ Millions)
2010	25.00	23.79	26.85	24.63	28.08	22	0.76	63	4,729
2011	10.14	9.08	(4.18)	20.61	25.34	88	0.67	362	5,232
2012	13.42	12.29	16.35	15.26	20.48	102	0.33	541	6,545
2013	30.10	28.84	38.82	11.81	16.68	121	1.41	1018	7,841
2014	7.51	6.43	4.89	9.79	13.31	145	0.24	965	7,989
2015	2.37	1.36	(4.41)	11.28	14.16	157	0.23	1048	8,095
2016	19.10	17.93	21.31	12.50	15.99	209	0.49	1303	9,989
2017	36.61	35.29	14.65	11.59	14.11	392	0.70	2091	14,609
2018	(0.83)	(1.82)	(11.01)	14.03	16.01	557	0.45	2619	17,840
2019	40.88	39.51	25.52	14.77	15.93	719	0.89	3692	25,685

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

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 from January 1, 1999 through December 31, 2019.

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 Core Composite has been examined for the period from January 1, 1999 through December 31, 2019. The verification and performance examination reports are available upon request.

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 discretionary institutional and pooled Small Cap Core Portfolios. Small Cap Core Portfolios are invested in equity securities with market capitalizations consistent with the Russell 2000® 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® Index. The Russell 2000® Index is a market capitalization-weighted index 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 the independent verifiers. The composite was created in April 1992. A list of composite descriptions and policies for valuing portfolios, calculating performance and preparing compliant presentations are available upon request.

As of January 1, 2011, the composite was redefined to include both institutional and mutual fund [or pooled] accounts. Previously, only institutional accounts were included. As of January 1, 2011, the composite was redefined to include both taxable and tax-exempt accounts. Prior to December 31, 2010, only non-taxable portfolios are included in the composite. Prior to January 1, 2011, the composite minimum was \$250,000, and 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.

Non-fee-paying portfolios represent < 1% of the composite assets at year-end 2019.

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.