

Small-Mid Cap Sustainable Growth Portfolio

Second Quarter 2021

Portfolio Review

Relative to the first quarter of this year, there was more balanced performance across styles in the second quarter with a return to the outperformance of growth and higher market-cap names. The Russell 2500 Growth Index returned +6.04% while the Russell 2500 Value Index was up 5.00%.

The Small-Mid Cap Sustainable Growth portfolio outperformed the Russell 2500 Growth Index in the second quarter. Strong stock selection in health care and industrials contributed positively to performance. Poor stock selection in financials and an underweight in real estate detracted from performance during the period.

Overall, we are pleased with our overall stock positioning, which included reducing the portfolio's exposure to consumer staples and modestly increasing the exposure to health care. The portfolio's health care weight is now more in line with the benchmark, and we will continue to look to add to this sector.

The biggest contributors to performance during the quarter were Bentley Systems and West Pharmaceutical Services.

- Bentley Systems' stock benefited from continued interest in its technology as demand for infrastructure projects both globally and in the U.S. remains strong. Given that, we believe the company's higher valuation reflects opportunities for growth.
- West Pharmaceutical saw its shares rise in the quarter as the company's organic growth rate accelerated, clinical trials ramped back up, and the pandemic created demand for its delivery products. The company also has low debt and strong free cash flow.
- Other top contributors included Olo, Five9, and Copart.

The biggest detractors from the portfolio were Silk Road Medical and MarketAxess Holdings.

- Silk Road Medical's business was negatively impacted by the COVID crisis; however, it is seeing early signs of a recovery. The business was also hurt by a small recall on some products assembled by a single person. They have since tightened their manufacturing protocols and managed this crisis well. We expect more normalized demand as the pandemic eases.
- During the most recent quarter, low credit market volatility and narrower credit spreads served as a headwind to MarketAxess Holdings' volume growth causing shares to underperform the rest of the portfolio; however, we remain owners of MarketAxess in part because of the efficiencies provided by the network's growing liquidity pool.
- Other bottom contributors included nCino, Oscar Health, and Duck Creek Technologies.

Purchases and Sales

During the quarter, there were no new purchases in the portfolio, and we sold our position in Grocery Outlet. Grocery Outlet is one of the largest close-out grocery retailers in the country. While we believe the company has a strong business model that benefited from being able to operate during the pandemic, we believe the reopening may be more challenging for the business to navigate. With a valuation that was quite high relative to other grocer peers, we sold our position.

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-Mid Cap
Sub-Style: Growth
Index: Russell 2500™ Growth
Portfolio Inception: 2018
Portfolio Assets: \$498.7 M
Portfolio Turnover: 25%–35%

Investment Management Team

Name	Years of research experience
Douglas S. Foreman, CFA Chief Investment Officer	35
Julie Biel, CFA Portfolio Manager + Senior Research Analyst	13
Todd Bailey, CFA Senior Research Analyst	22
Jon Christensen, CFA Senior Research Analyst	26
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 (%)
Bentley Systems	5.3
Old Dominion Freight Line	5.3
Five9	5.1
SiteOne Landscape Supply	5.0
West Pharmaceutical Services	5.0
Total	25.6

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

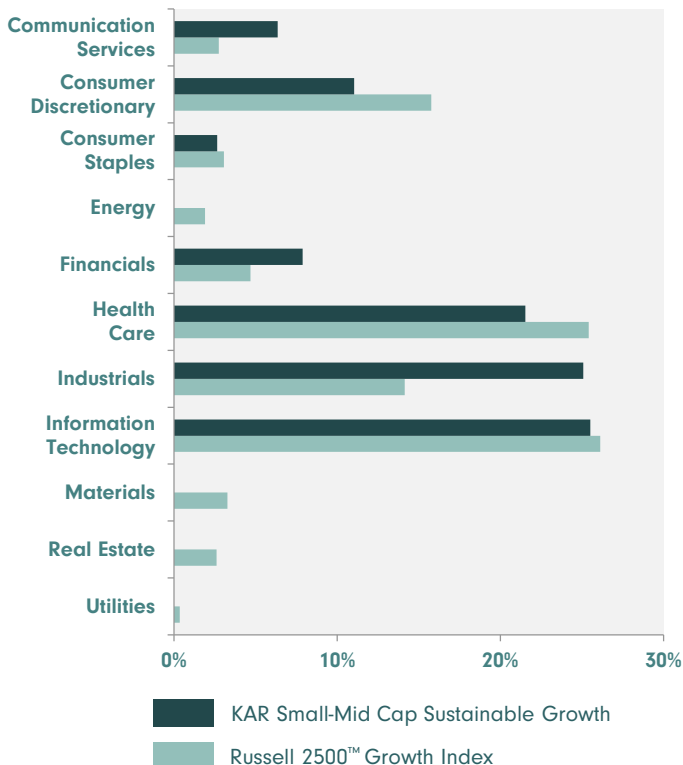
Higher Quality

Stronger, More Consistent Growth

Better Value

Sector Diversification

As of June 30, 2021



Portfolio Characteristics

As of June 30, 2021

	KAR Small-Mid Cap Sustainable Growth	Russell 2500™ Growth Index
Quality		
Return on Equity—Past 5 Years	20.5%	11.0%
Total Debt/EBITDA	5.7 x	5.5 x
Earnings Variability—Past 10 Years	26.0%	72.3%
Growth		
Earnings Per Share Growth—Past 10 Years	16.7%	10.0%
Capital Generation—{ROE x (1-Payout)}	18.9%	9.5%
Value		
P/E Ratio—Trailing 12 Months	74.5 x	375.8 x
Free Cash Flow Yield†	1.9%	1.8%
Market Characteristics		
\$ Weighted Average Market Cap.	\$15.1 B	\$7.5 B
Largest Market Cap	\$31.2 B	\$24.9 B

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.

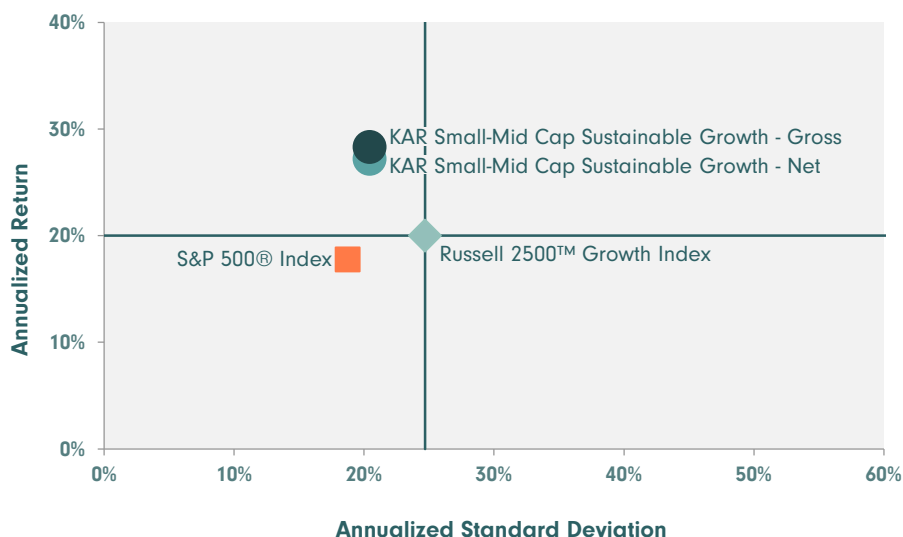
†Free cash flow data is as of March 31, 2021. Prices are as of June 30, 2021. Excludes financials. This material is deemed supplemental and complements the performance and disclosure at the end of this presentation. Data is obtained from FactSet Research Systems and BNY Mellon and is assumed to be reliable. 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

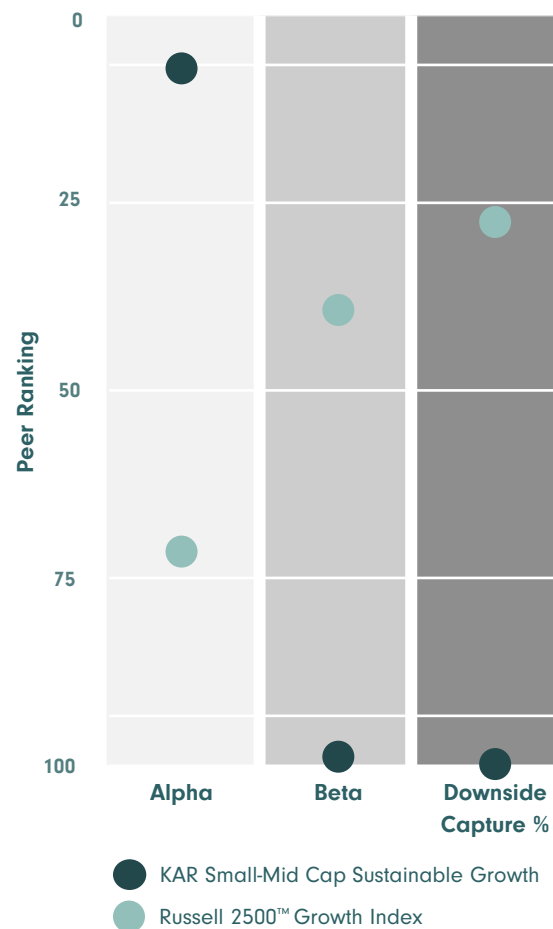
Strong Risk-Adjusted Returns

Inception* to June 30, 2021



Peer Comparison Chart

Inception* to June 30, 2021



Historical Returns

	KAR Small-Mid Cap Sustainable Growth (gross)	KAR Small-Mid Cap Sustainable Growth (net) [†]	Russell 2500™ Growth Index
Annualized Returns (%)[†]			
As of June 30, 2021			
2 nd Quarter	9.93	9.69	6.04
Year to Date	5.45	4.98	8.67
One Year	31.36	30.21	49.63
Inception*	28.34	27.21	20.01
Annual Returns (%)			
2020	48.40	47.11	40.47
2019	46.11	44.84	32.65
2018	(9.44)	(9.79)	(15.93)

Performance Statistics

Inception* to June 30, 2021

	KAR Small-Mid Cap Sustainable Growth [§]	Russell 2500™ Growth Index
Annualized Standard Deviation	20.44	24.70
Alpha	11.40	0.00
Beta	0.75	1.00
Sharpe Ratio	1.34	0.77
R-Squared	82.32	100.00

*August 1, 2018

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

[‡]Net of all fees and expenses. Assumes a 0.90% annual fee.

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

^{||}Performance calculations are for the five months ended December 31, 2018.

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-Mid Cap Growth Universe includes all managers categorized in the small-mid cap growth 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.**

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Disclosure

Year	Composite Gross Return (%)	Composite Net Return (%)	Russell 2500® Growth Index Return (%)	Composite 3-Yr Std Dev (%)	Benchmark 3-Yr Std Dev (%)	Number of Accounts	Internal Dispersion (%)	Composite Assets (\$ Millions)	Firm Assets (\$ Millions)
2018*	(9.44)	(9.79)	(15.93)	N/A	N/A	< 5	N/A	0.2	17,840
2019	46.11	44.84	32.65	N/A	N/A	< 5	N/A	0.3	25,685

*2018 performance numbers in this table reflect the composite inception date of August 1, 2018 through December 31, 2018.

The Russell 2500™ Growth 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. 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 is defined as all fully discretionary institutional and pooled Small-Mid Cap Sustainable Growth Portfolios. Small-Mid Cap

Sustainable Growth Portfolios are invested in equity securities with market capitalizations consistent with the Russell 2500™ Growth Index, that have market control, solid 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 2500™ Growth Index. The Russell 2500™ Growth Index is a market capitalization-weighted index of growth-oriented stocks of the 2,500 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 August 2018. A list of composite descriptions and policies for valuing portfolios, calculating performance and preparing compliant presentations are available upon request.

Non-fee-paying portfolios represent 100% of the composite assets at year-end from 2018 through 2019.

The standard fee schedule in effect is as follows: 0.90% for the first \$25 million; 0.80% on the next \$25 million; 0.75% on the next \$50 million; 0.60% 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 IIA 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 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 or for time periods less than one 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 because 36 monthly composite returns are not available.