

Large Cap Quality Value Portfolio

Second Quarter 2022

Portfolio Review

The Large Cap Quality Value portfolio outperformed the Russell 1000 Value Index in the second quarter. Good stock selection in consumer discretionary and financials contributed positively to performance. Poor stock selection and an underweight in health care and an underweight in energy detracted from performance.

The biggest contributors to performance were Lamb Weston and Dollar General. Issues that weighed on Lamb Weston's shares over the past several quarters (poor supply and a lag in passing along higher input costs) have begun to abate, and demand for french fries remains strong. In addition, so far this year, weather in the Pacific Northwest is normal, which bodes well for a good crop of potatoes. Dollar General generally performs well as the economy slows. We believe the company's core customers typically need Dollar General even more and higher income customers tend to trade down to Dollar General's stores. Other top contributors included WEC Energy, McDonald's, and Waste Management.

The biggest detractors to performance were Teradyne and Charles Schwab. After a strong end to 2021, Teradyne's shares have underperformed since the opportunity related to 3nm, a faster semiconductor manufacturing process, was pushed out to 2023, which weighed on the shares. Charles Schwab's results were negatively impacted by interest rate volatility and lower market performance, which weighed on the shares during the quarter. Other bottom contributors included Target, Oracle, and Trane Technologies.

Purchases and Sales

During the quarter, we purchased Eastman Chemical and we sold FleetCor Technologies.

Eastman Chemical is a specialty chemical company based in Tennessee. The company is vertically integrated, has a diverse set of customers and uses research and development (R&D) to lead with innovative products. In our view, the ability to invest in R&D and have a strong application development capability has been key to the company's success. We believe many of the company's competitors do not have the scale and cash flow to invest in R&D the same way that Eastman can. From our perspective, the company has an investment grade balance sheet and generates strong free cash flow. Meanwhile, it remains very committed to its dividend, which was maintained during the financial crisis and has been increased every year since 2010.

FleetCor's business was negatively impacted during COVID, which created reduced transactional activity. However, the company is now spending aggressively to take advantage of business opportunities that it sees in the corporate payment space. However, the company has noted that competition is becoming more intense and some of its offerings have not lived up to expectations. We were concerned that this spend may not be as successful as the company anticipates and that it may weigh on earnings during a recession. In addition, 5% of cash earnings come from Russia and the company still has not determined what do with its business there. Thus, we sold our position.

Outlook

Signs of an economic slowdown and/or a recession are becoming increasingly obvious. Starting with the consumer (70% of gross domestic product), we have seen material retail sales shortfalls at large retailers and consumer confidence has hit 40-year lows. New orders for the Purchasing Managers' Index have fallen below 50, which signals contraction. Raw materials, such as copper, aluminum, nickel, and zinc, have already experienced significant declines in price in the second quarter. Even the strongest sectors (oil and semiconductors) started to show significant weakness late in the quarter. This may suggest that the U.S. is already in at least a technical recession (two consecutive quarters of negative GDP), and the Fed may be closer than investors realize to bringing inflation under control. Regardless, we believe valuations have become attractive longer term. Many stocks have declined off their highs, and speculation in IPOs, SPACs, and meme stocks is non-existent which makes for a more favorable long-term investing environment. In our view, quality companies have started to perform better on a relative basis given the slowing environment and flattening yield curve.

Portfolio Highlights

Style: Large Cap
Sub-Style: Value
Index: Russell 1000[®] Value
Portfolio Inception: 1994
Portfolio Assets: \$558.9 M*
Portfolio Turnover: 25%–35%

Investment Management Team

Name	Years of research experience
Douglas S. Foreman, CFA Chief Investment Officer	36
Richard Sherry, CFA Portfolio Manager + Senior Research Analyst	24
Chris Armbruster, CFA Senior Research Analyst	17
Noran Eid Research Analyst	9

Top Five Holdings

As of June 30, 2022

Company	Percent of equity (%)
Travelers	5.0
Linde	4.1
Trane Technologies	4.1
Oracle	3.8
Lowe's Companies	3.6
Total	20.6

* Figures in USD.

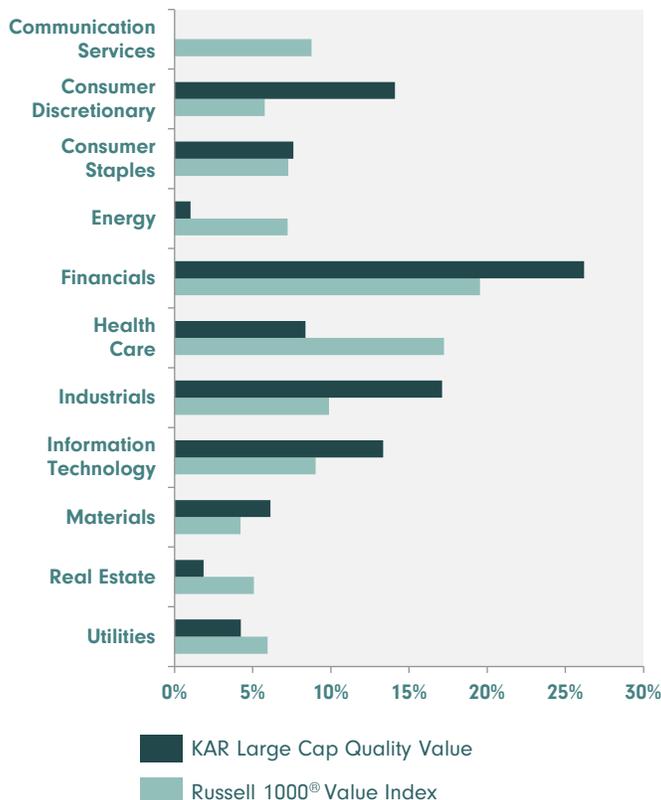
This report is based on the assumptions and analysis made and believed to be reasonable by Advisor. However, no assurance can be given that Advisor's opinions or expectations will be correct. This report is intended for informational purposes only and should be not considered a recommendation or solicitation 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 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, 2022



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, 2022

	KAR Large Cap Quality Value	Russell 1000 Value Index
Quality		
Return on Equity—Past 5 Years	20.1%	16.2%
Total Debt/EBITDA	2.7 x	3.4 x
Earnings Variability—Past 10 Years	28.8%	53.0%
Growth		
Earnings Per Share Growth—Past 5 Years	8.7%	11.4%
Earnings Per Share Growth—Past 10 Years	8.4%	6.8%
Dividend Per Share Growth—Past 5 Years	9.8%	6.6%
Dividend Per Share Growth—Past 10 Years	11.0%	9.1%
Capital Generation—{ROE x (1-Payout)}	11.4%	9.2%
Value		
P/E Ratio—Trailing 12 Months	21.3 x	15.8 x
Dividend Yield	2.0%	2.3%
Free Cash Flow Yield*	4.0%	5.5%
Market Characteristics		
\$ Weighted Average Market Cap	\$82.8 B	\$145.1 B
Beta [†]	0.87	1.00
Annualized Standard Deviation—Tenure Period [†]	14.4%	15.9%

*Free cash flow data is as of March 31, 2022. Prices are as of June 30, 2022. Excludes financials.

[†]Period from April 1, 2006 to June 30, 2022. This period delineates the period that Richard Sherry, CFA has managed the portfolio as the sole portfolio manager.

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.** Returns could be reduced, or losses incurred, due to currency fluctuations.

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Second Quarter 2022

Risk-Return Analysis

Tenure Period*



Historical Returns

	KAR Large Cap Quality Value (gross)	KAR Large Cap Quality Value (net) [†]	Russell 1000 [®] Value Index
Annualized Returns (%)[†]			
As of June 30, 2022			
2 nd Quarter	(10.89)	(11.12)	(12.21)
Year to Date	(18.16)	(18.59)	(12.86)
One Year	(9.46)	(10.37)	(6.82)
Three Years	7.73	6.67	6.87
Five Years	9.69	8.61	7.17
Seven Years	9.41	8.33	7.69
Ten Years	11.12	10.02	10.50
Inception*	8.26	7.19	6.95
Annual Returns (%)			
2021	25.08	23.86	25.16
2020	13.14	12.03	2.80
2019	29.61	28.35	26.54
2018	(3.90)	(4.86)	(8.27)
2017	18.58	17.41	13.66
2016	10.70	9.61	17.34
2015	(3.09)	(4.06)	(3.83)
2014	13.88	12.75	13.45
2013	29.95	28.68	32.53
2012	13.63	12.51	17.51
2011	1.65	0.63	0.39
2010	14.30	13.17	15.51
2009	26.02	24.79	19.69
2008	(30.58)	(31.30)	(36.85)
2007	1.45	0.44	(0.17)
2006	14.21	13.37	15.40

Performance Statistics

Tenure Period*

	KAR Large Cap Quality Value [§]	Russell 1000 [®] Value Index
Alpha	1.93	0.00
Beta	0.87	1.00
Sharpe Ratio	0.50	0.37
Downside Capture	82.29	100.00
R-Squared	92.28	100.00

*Period from April 1, 2006 to June 30, 2022. This period delineates the period that Richard Sherry, CFA has managed the portfolio as the sole portfolio manager.

[†]All periods less than one year are total returns and are not annualized. Returns are preliminary. Returns could be reduced, or losses incurred, due to currency fluctuations.

[‡]Net of all fees and expenses. Assumes a 1% annual fee. Fees presented on the Disclosure page could vary from the assumed fee in the net-of-fee calculation, as actual fees paid by a particular client account differ depending on a variety of factors including, but not limited to, business unit and size of mandate. The fee used on the Disclosure page utilizes an assumed maximum fee across the firm's business units, which is further detailed on that page.

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

^{||}Performance calculations are for the nine months ended December 31, 2006.

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. 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 1000® Value Index Return (%)	Composite 3-Yr Std Dev (%)	Benchmark 3-Yr Std Dev (%)	Number of Accounts	Internal Dispersion (%)	Composite Assets (\$ Millions)	Firm Assets (\$ Millions)
2011	1.65	0.63	0.39	18.19	20.98	24	0.21	63	5,232
2012	13.63	12.51	17.51	14.75	15.73	66	0.50	177	6,545
2013	29.95	28.68	32.53	12.04	12.88	61	0.34	183	7,841
2014	13.88	12.75	13.45	8.95	9.33	69	0.28	218	7,989
2015	(3.09)	(4.06)	(3.83)	11.08	10.83	65	0.27	197	8,095
2016	10.70	9.61	17.34	11.43	10.93	75	0.27	209	9,989
2017	18.58	17.41	13.66	10.44	10.34	394	1.29	465	14,609
2018	(3.90)	(4.86)	(8.27)	10.33	10.98	381	0.50	385	17,840
2019	29.61	28.35	26.54	10.64	12.02	379	0.45	464	25,685
2020	13.14	12.03	2.80	17.16	19.90	376	1.54	466	39,582

The Russell 1000® Value 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, 2020.

A firm that claims compliance with the GIPS standards must establish policies and procedures for complying with all the applicable requirements of the GIPS standards. Verification provides assurance on whether the firm's policies and procedures related to composite, as well as the calculation, presentation, and distribution of performance, have been designed in compliance with the GIPS standards and have been implemented on a firm-wide basis.

The Large Cap Quality Value Composite has had a performance examination for the period from January 1, 1999 through December 31, 2020. The verification and performance examination reports are available upon request.

GIPS® is a registered trademark of CFA Institute. CFA Institute does not endorse or promote this organization, nor does it warrant the accuracy or quality of the content contained herein.

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 fully discretionary institutional and pooled Large Cap Quality Value Portfolios. Large Cap Quality Value Portfolios are invested in equity securities with market capitalizations consistent with the Russell 1000® Value Index, that have rising free cash flow, rising dividends and or stock repurchases, strong balance sheets and a high relative yield. For comparison purposes, the composite is measured against the Russell 1000® Value Index. The Russell 1000® Value Index is a market capitalization-weighted index of value-oriented stocks of the 1,000 largest companies in the Russell Universe, which comprises of 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 inception date of the composite is October 1994. The composite was created in October 1994. Policies for valuing investments, calculating performance, and preparing GIPS Reports are available upon request. The firm's list of composite descriptions, list of broad distribution pooled fund and the list of limited distribution pooled funds descriptions are available upon request.

The model management fee used for the net returns in this table is 1.00% for all periods presented. The standard Institutional management fee schedule currently in effect is as follows: 0.70% for the first \$10 million; 0.55% on the next \$25 million; 0.45% on the next \$50 million; 0.35% on the balance. The maximum

Wealth Advisory Services Fee in effect is 1.30% for all assets, which breaks out as follows: 1.00% for the first \$3 million; 0.80% on the next \$2 million; 0.70% on the next \$5 million; 0.60% on the balance; with an additional 0.30% for any assets invested in separately managed accounts strategies. The standard investment advisory fee schedule currently in effect for clients not engaging in Wealth Advisory Services is 1.00%. 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.