

Small Cap Sustainable Growth Portfolio

Second Quarter 2022



Manager of the Decade
(2016–2017, 2020–2021)

Portfolio Review

The Small Cap Sustainable Growth portfolio outperformed the Russell 2000 Growth Index in the second quarter. Good stock selection in consumer discretionary and good stock selection and an overweight in financials contributed positively to performance. Poor stock selection in information technology and an underweight in utilities detracted from performance.

The biggest contributors to performance during the quarter were Ollie's Bargain Outlet and Autohome. Ollie's Bargain Outlet's shares appreciated due to management's comments about the quality of emerging closeout opportunities, and market participant assessment of the opportunity ahead for the company to capture consumer demand in an inflationary and potentially slowing economy. Autohome reported results that beat low expectations due to Chinese lockdowns affecting local auto demand combined with global supply chain disruptions affecting auto production. Market participants began anticipating a recovery in the Chinese auto market in the second half of the year as the lockdown and supply chain headwinds ameliorate. Other top contributors included Grocery Outlet, The Chefs' Warehouse and U.S. Physical Therapy.

The biggest detractors from performance during the second quarter were Bill.com and Auto Trader. Bill.com has experienced several quarters of robust organic sales growth and gross margin expansion, but the company's shares declined alongside a broader software selloff. While Auto Trader retains its dominant share of user engagement in the U.K. digital auto market and reported revenue and profit growth, the company's shares declined due to market participant concerns over the potential softening of used car demand in the U.K. Other bottom contributors included Duck Creek Technologies, Fox Factory and Rightmove.

Purchases and Sales

During the quarter, there were no new purchases or complete sales from the portfolio.

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: Small Cap
Sub-Style: Growth
Index: Russell 2000® Growth
Portfolio Inception: 1998
Portfolio Assets: \$5,957.0 M*
Portfolio Turnover: 25%–35%

Investment Management Team

Name	Years of research experience
Douglas S. Foreman, CFA Chief Investment Officer	36
Todd Bailey, CFA Portfolio Manager + Senior Research Analyst	23
Jon Christensen, CFA Portfolio Manager + Senior Research Analyst	27
Julie Biel, CFA Senior Research Analyst	14
Julie Kutasov Senior Research Analyst	21
Craig Stone Senior Research Analyst	33
Chris Wright, CFA Senior Research Analyst	10
Sean Dixon Research Analyst	14
Arthur Su, CFA Research Analyst	7
Adam Xiao, CFA Research Analyst	9

Top Five Holdings

As of June 30, 2022

Company	Percent of equity (%)
Ryan Specialty	8.1
Fox Factory	6.4
Auto Trader	5.7
Ollie's Bargain Outlet	5.6
Rightmove	5.3
Total	31.1

* 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 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

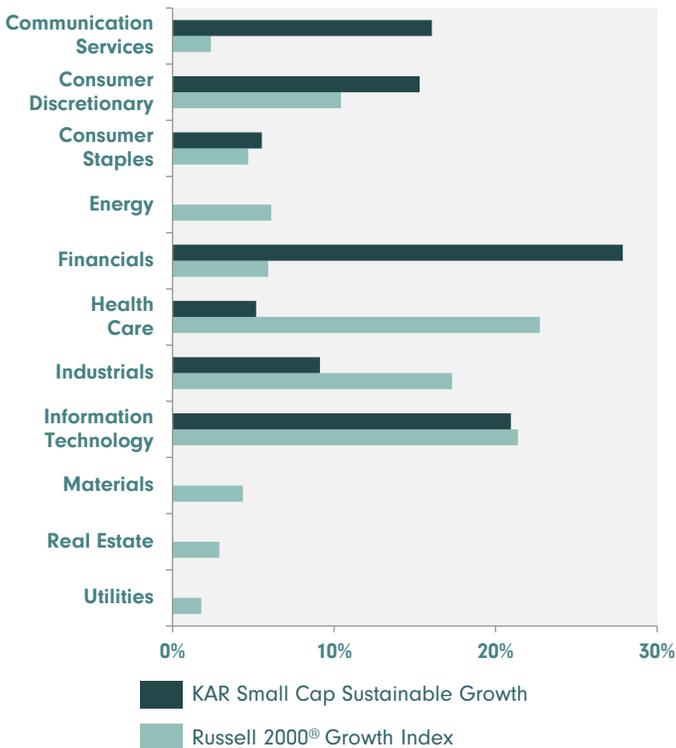
Higher Quality

Stronger, More Consistent Growth

Better Value

Sector Diversification

As of June 30, 2022



Portfolio Characteristics

As of June 30, 2022

	KAR Small Cap Sustainable Growth	Russell 2000® Growth Index
Quality		
Return on Equity—Past 5 Years	19.5%	10.4%
Total Debt/EBITDA	3.8 x	4.0 x
Earnings Variability—Past 10 Years	28.9%	80.5%
Growth		
Earnings Per Share Growth—Past 10 Years	16.9%	11.1%
Capital Generation—{ROE x (1-Payout)}	15.9%	9.0%
Value		
P/E Ratio—Trailing 12 Months	41.6 x	66.3 x
Free Cash Flow Yield [†]	0.7%	1.4%
Market Characteristics		
\$ Weighted Average Market Cap—3-Year Avg.	\$7.5 B	\$3.3 B
Largest Market Cap—3-Year Avg.	\$22.6 B	\$12.4 B
Annualized Standard Deviation—Since Inception [‡]	18.3%	23.1%

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

[‡]January 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.** Returns could be reduced, or losses incurred, due to currency fluctuations.

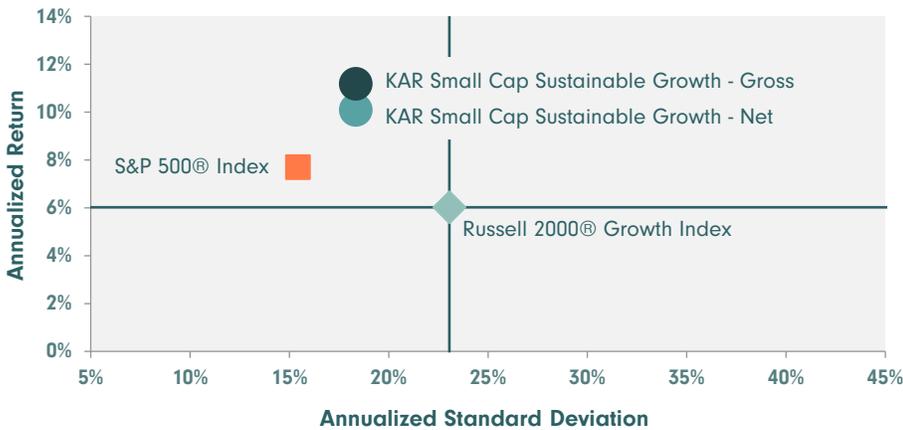
A complete listing of portfolio holdings and specific security transactions for the preceding 12 months is available upon request. Holdings are subject to change. Holdings and weightings are based on a representative portfolio. Individual Investors' holdings may differ slightly. The sector information represented above is based on GICS sector classifications. Data is obtained by FactSet Research Systems and is assumed to be reliable.

Small Cap Sustainable Growth Portfolio

Second Quarter 2022

Strong Risk-Adjusted Returns

Inception* to June 30, 2022



Historical Returns

	KAR Small Cap Sustainable Growth (gross)	KAR Small Cap Sustainable Growth (net)†	Russell 2000® Growth Index
Annualized Returns (%)†			
As of June 30, 2022			
2 nd Quarter	(13.21)	(13.44)	(19.25)
Year to Date	(26.41)	(26.80)	(29.45)
One Year	(24.33)	(25.10)	(33.43)
Three Years	6.29	5.23	1.40
Five Years	15.90	14.76	4.80
Seven Years	16.82	15.67	4.96
Ten Years	17.70	16.54	9.30
Inception*	11.18	10.09	6.02

Annual Returns (%)			
2021	5.69	4.64	2.83
2020	44.70	43.30	34.63
2019	41.37	40.00	28.48
2018	10.69	9.59	(9.31)
2017	39.03	37.69	22.17
2016	26.11	24.88	11.32
2015	2.57	1.55	(1.38)
2014	6.47	5.42	5.60
2013	39.89	38.53	43.30
2012	13.29	12.17	14.59
2011	17.82	16.67	(2.91)
2010	14.82	13.69	29.09
2009	38.51	37.16	34.47
2008	(33.61)	(34.30)	(38.54)
2007	(0.59)	(1.58)	7.05
2006	15.80	14.66	13.35
2005	1.88	0.87	4.15
2004	12.82	11.70	14.31
2003	38.44	37.09	48.54
2002	(23.82)	(24.60)	(30.26)
2001	0.48	(0.52)	(9.23)
2000	6.28	5.23	(22.43)
1999	31.19	29.91	43.09
1998	3.33	2.30	1.23

*January 1, 1998

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

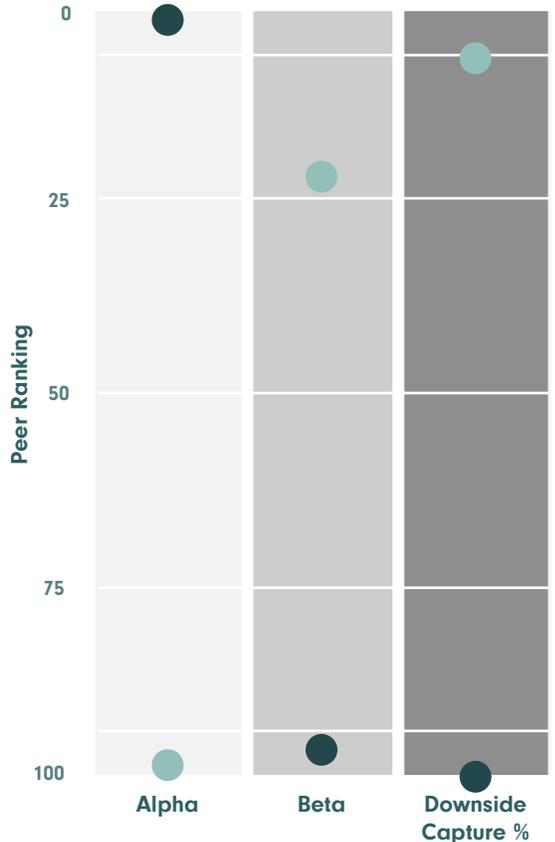
‡Net of all fees and expenses. Assumes a 1% annual fee. Fees presented on the Disclosure page could vary from the assumed fee in the net-of-fee calculation, as actual fees paid by a particular client account differ depending on a variety of factors including, but not limited to, business unit and size 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.

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 Growth Universe includes all managers categorized in the small 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.** Returns could be reduced, or losses incurred, due to currency fluctuations.

Peer Comparison Chart

Ten Years Ending June 30, 2022



● KAR Small Cap Sustainable Growth
● Russell 2000® Growth Index

Performance Statistics

Inception* to June 30, 2022

	KAR Small Cap Sustainable Growth§	Russell 2000® Growth Index
Annualized Standard Deviation	18.34	23.05
Alpha	6.11	0.00
Beta	0.68	1.00
Sharpe Ratio	0.51	0.18
R-Squared	73.59	100.00

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Disclosure

Year	Composite Gross Return (%)	Composite Net Return (%)	Russell 2000® Growth Index Return (%)	Composite 3-Yr Std Dev (%)	Benchmark 3-Yr Std Dev (%)	Number of Accounts	Internal Dispersion (%)	Composite Assets (\$ Millions)	Firm Assets (\$ Millions)
2011	17.82	16.67	(2.91)	19.74	24.65	14	0.51	180	5,232
2012	13.29	12.17	14.59	15.54	21.01	17	0.42	155	6,545
2013	39.89	38.53	43.30	12.22	17.52	23	1.42	232	7,841
2014	6.47	5.42	5.60	12.35	14.02	20	0.40	205	7,989
2015	2.57	1.55	(1.38)	14.08	15.16	17	0.40	244	8,095
2016	26.11	24.88	11.32	14.85	16.91	19	0.54	614	9,989
2017	39.03	37.69	22.17	12.69	14.80	40	1.40	2,038	14,609
2018	10.69	9.59	(9.31)	13.29	16.69	79	0.85	4,738	17,840
2019	41.37	40.00	28.48	14.18	16.60	94	0.89	6,416	25,685
2020	44.70	43.30	34.63	20.63	25.46	124	0.64	8,888	39,582

The Russell 2000® 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, 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 Small Cap Sustainable Growth 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 Small Cap Sustainable Growth Portfolios. Small Cap Sustainable Growth Portfolios are invested in equity securities with market capitalizations in line with the Russell 2000® Growth 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® Growth Index. The Russell 2000® Growth Index is a market capitalization-weighted index of growth-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 the independent verifiers. The inception date of the composite is January 1998. The composite was created in January 1998. 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.

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.

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: 1.00% for the first \$25 million; 0.80% on the next \$25 million; 0.70% 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.