

Small-Mid Cap Core Portfolio

Second Quarter 2022



Manager of the
Decade for the last
5 years (2017 - 2021)

Portfolio Review

The Small-Mid Cap Core portfolio performed in line with the Russell 2500 Index in the second quarter. Good stock selection in financials and information technology contributed positively to performance. Poor stock selection in health care and materials detracted from performance.

The biggest contributors to performance during the quarter were W. R. Berkley and Aspen Technology. W. R. Berkley reported strong net written premium growth due to both increased exposures and higher rates. An improved combined ratio also aided profitability and management said it expects healthy trends in specialty lines to continue to drive favorable results. Aspen Technology reported sustained improvement in operating results following a slowdown brought on by the pandemic. In addition, a previously announced merger closed in May. We view this transaction as a positive given Aspen's strong track record of optimizing software businesses for profitability and rationale growth. Other top contributors included Rollins, LPL Financial, and Aspen Technology*.

The biggest detractors from performance were Scotts Miracle-Gro and Zebra Technologies. Scotts Miracle-Gro's shares lagged due to higher-than-expected inflation costs outpacing significant pricing actions. In early June, management reduced the company's annual sales and earnings outlook because of a lower-than-anticipated level of order replenishment by retailers. In addition, cannabis oversupply issues continue to weigh on the outlook for Hawthorne, the company's hydroponics division. During the quarter, investors sold shares of Zebra Technologies as the company's stock was caught among a sector rotation away from technology. Other bottom detractors included Charles River Laboratories, Bentley Systems, and SiteOne Landscape Supply.

Purchases and Sales

During the quarter, we purchased Dolby Laboratories, Globus Medical, and Watsco. We sold CDW, Duck Creek Technologies, and MSCI. Dolby Laboratories designs high-quality audio and visual technology that it implements in its own products as well as licenses to original equipment manufacturers (OEMs), content producers, streaming services, and cell phone manufacturers. Globus Medical is a medical device company that designs and develops musculoskeletal implants that promote healing in patients with spine disorders. It offers products that address an array of spinal pathologies, anatomies, and surgical approaches. Watsco is the largest independent distributor of HVAC equipment to residential and commercial contractors in the U.S. and holds roughly a 12% market share in a very fragmented market. Roughly 85% of the business is related to maintenance, repair, and replacement activities. The company's end customers are HVAC contractors of which there are over 90,000 in the U.S. We believe the portfolio's shares of CDW performed admirably since our initial purchase in December 2014. However, with the company's market cap having reached nearly \$25 billion, it has outgrown the mandate for the Small-Mid Cap Core strategy. With top-line growth decelerating at Duck Creek, investors have grown concerned over a potentially changing competitive landscape with the industry's largest player gaining traction with its recently improved cloud offering. Although Duck Creek's management maintains that the competitive landscape remains stable and that the company's low code architecture continues to serve as a key competitive advantage, we believe that the competitive landscape dynamics bear watching and elected to exit our position in the company. We sold our position in MSCI given its large market capitalization of over \$40 billion.

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.

* Aspen Technology merged with a spinoff of two businesses from Emerson Electric Co. during the quarter to form a new entity also called Aspen Technology. Aspen Technology appears twice as a Top Contributor as the first occurrence represents the old entity and the second occurrence represents the newly formed entity. Our data provider is keeping the entities distinct in their system which accounts for the dual reporting this quarter.

Portfolio Highlights

Style: Small-Mid Cap
Sub-Style: Core
Index: Russell 2500™
Portfolio Inception: 1992
Portfolio Assets: \$13,108.9 M*
Portfolio Turnover: 25%–35%

Investment Management Team

Name	Years of research experience
Douglas S. Foreman, CFA Chief Investment Officer	36
Jon Christensen, CFA Portfolio Manager + Senior Research Analyst	27
Julie Kutsov Portfolio Manager + Senior Research Analyst	21
Craig Stone Portfolio Manager + Senior Research Analyst	33
Todd Bailey, CFA Senior Research Analyst	23
Julie Biel, CFA Senior Research Analyst	14
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 (%)
W. R. Berkley	5.9
LPL Financial Holdings	5.2
POOLCORP	4.9
Charles River Laboratories International	4.6
Zebra Technologies	4.4
Total	24.8

* 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

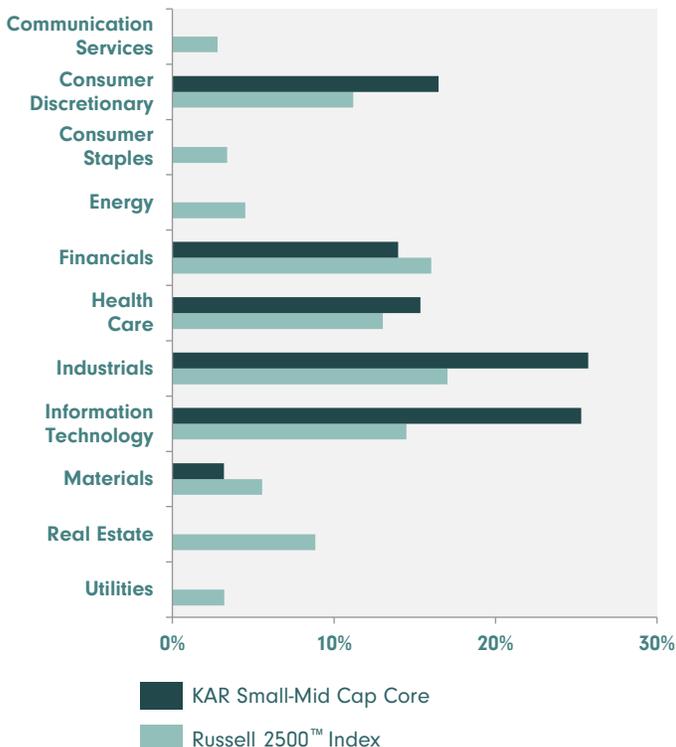
Higher Quality

Stronger, More Consistent Growth

Better Value

Sector Diversification

As of June 30, 2022



Portfolio Characteristics

As of June 30, 2022

	KAR Small-Mid Cap Core	Russell 2500™ Index
Quality		
Return on Equity—Past 5 Years	24.8%	12.2%
Total Debt/EBITDA	2.3 x	4.7 x
Earnings Variability—Past 10 Years	36.4%	74.8%
Growth		
Earnings Per Share Growth—Past 5 Years	19.6%	13.5%
Earnings Per Share Growth—Past 10 Years	15.0%	9.6%
Capital Generation—{ROE x (1-Payout)}	19.9%	9.3%
Value		
P/E Ratio—Trailing 12 Months	18.2 x	22.5 x
Dividend Yield	0.8%	1.6%
Free Cash Flow Yield†	3.6%	2.8%
Market Characteristics		
\$ Weighted Average Market Cap—3-Year Avg.	\$14.2 B	\$6.3 B
Largest Market Cap—3-Year Avg.	\$35.5 B	\$26.9 B
Annualized Standard Deviation—Since Inception*	15.1%	17.9%

*Free cash flow data is as of March 31, 2022. Prices are as of June 30, 2022. 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.** 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-Mid Cap Core Portfolio

Second Quarter 2022

Strong Risk-Adjusted Returns

Ten Years Ending June 30, 2022



Historical Returns

	KAR Small-Mid Cap Core (gross)	KAR Small-Mid Cap Core (net) [‡]	Russell 2500™ Index
Annualized Returns (%)[†]			
As of June 30, 2022			
2 nd Quarter	(16.98)	(17.20)	(16.98)
Year to Date	(27.20)	(27.58)	(21.81)
One Year	(22.42)	(23.20)	(21.00)
Three Years	10.02	8.93	5.91
Five Years	12.51	11.34	7.04
Seven Years	12.27	11.11	7.16
Ten Years	13.88	12.72	10.49
Inception*	11.33	10.22	10.08
Annual Returns (%)			
2021	20.81	19.62	18.18
2020	36.34	35.00	19.99
2019	40.77	39.40	27.77
2018	(4.17)	(5.37)	(10.00)
2017	19.84	18.60	16.81
2016	17.30	16.15	17.59
2015	6.16	5.11	(2.90)
2014	9.74	8.65	7.07
2013	31.61	30.33	36.80
2012	8.82	7.74	17.88
2011	8.45	7.38	(2.51)
2010	20.46	19.27	26.71
2009	30.58	29.31	34.39
2008	(30.20)	(30.92)	(36.79)
2007	0.35	(0.65)	1.38
2006	13.83	12.71	16.17
2005	3.13	2.10	8.11
2004	14.19	13.06	18.29
2003	24.81	23.59	45.51
2002	(16.98)	(17.82)	(17.80)
2001	5.06	4.01	1.22
2000	23.80	22.58	4.27
1999	6.09	5.04	24.14
1998	21.39	20.20	0.38
1997	20.82	19.64	24.36
1996	27.00	25.76	19.03
1995	17.47	16.32	31.70
1994	2.75	1.73	(1.05)
1993	20.00	18.83	16.55
1992	9.65	8.84	11.36

*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 0.90% 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.

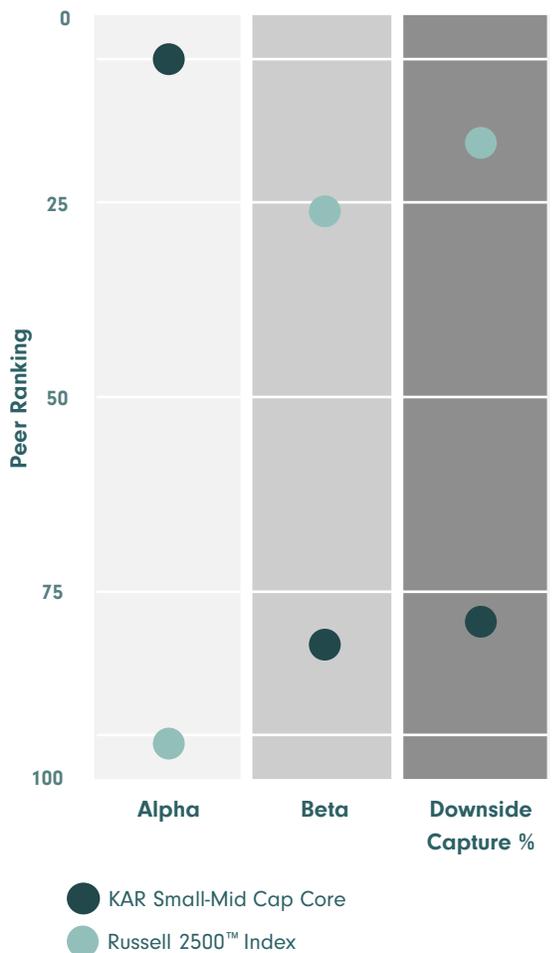
[§]Performance statistics are based on gross of fee returns.

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

This material is deemed supplemental and complements the performance and disclosure at

Peer Comparison Chart

Ten Years Ending June 30, 2022



Performance Statistics

Ten Years Ending June 30, 2022

	KAR Small-Mid Cap Core [§]	Russell 2500™ Index
Annualized Standard Deviation	15.65	17.15
Alpha	4.62	0.00
Beta	0.84	1.00
Sharpe Ratio	0.85	0.58
R-Squared	84.80	100.00

the end of this presentation. Returns for the Kayne Anderson Rudnick composite are preliminary. All periods less than one year are total returns and are not annualized. For periods prior to July 1, 2000, the Small-Mid Cap Core composite calculations have been linked to the firm's Small Cap Core composite performance, which represents all taxable and nontaxable, fully discretionary Small Cap Core Portfolios (including cash) under management for at least one full quarter. Beginning on July 1, 2000, only Small-Mid Cap Core Portfolios are included in the composite. For further details on the composite, please see the disclosure statement in this presentation. The Small-Mid Cap Core Universe includes all managers categorized in the small-mid 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.** Returns could be reduced, or losses incurred, due to currency fluctuations.

Small-Mid Cap Core Portfolio

Second Quarter 2022

Disclosure

Year	Composite Gross Return (%)	Composite Net Return (%)	Russell 2500™ Index Return (%)	Composite 3-Yr Std Dev (%)	Benchmark 3-Yr Std Dev (%)	Number of Accounts	Internal Dispersion (%)	Composite Assets (\$ Millions)	Firm Assets (\$ Millions)
2011	8.45	7.38	(2.51)	18.53	23.73	25	0.13	37	5,232
2012	8.82	7.74	17.88	15.19	19.24	26	0.12	40	6,545
2013	31.61	30.33	36.80	12.17	15.85	27	0.24	59	7,841
2014	9.74	8.65	7.07	10.27	11.84	20	0.26	21	7,989
2015	6.16	5.11	(2.90)	12.23	12.59	18	0.23	21	8,095
2016	17.30	16.15	17.59	12.63	13.86	39	0.13	34	9,989
2017	19.77	18.60	16.81	11.15	12.31	83	0.31	137	14,609
2018	(4.41)	(5.37)	(10.00)	13.31	14.30	92	0.19	111	17,840
2019	40.77	39.40	27.77	14.86	14.79	135	0.69	225	25,685
2020	36.33	35.00	19.99	21.16	24.55	190	1.44	1008	39,582

The Russell 2500™ 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-Mid Cap Core 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-Mid Cap Core Portfolios. Small-Mid Cap Core Portfolios are invested in equity securities with market capitalizations consistent with the Russell 2500™ 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 2500™ Index. The Russell 2500™ Index is a market capitalization-weighted index 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 inception date of the composite is April 1992. The composite was created in July 2000. 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.

From July 1, 2000 to December 31, 2010, only non-taxable Small-Mid Cap Core Portfolios are included in the composite. As of January 1, 2011, the composite was redefined to include both taxable and tax-exempt accounts.

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: 0.90% for the first \$25 million; 0.80% on the next \$25 million; 0.75% on the next \$50 million; 0.60% on the balance. Prior to January 1, 2013, the standard Institutional management fee schedule in effect for this strategy was as follows: 0.85% for the first \$25 million; 0.70% on the next \$25 million; 0.60% on the next \$50

million; 0.50% 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.