

Mid Cap Core Portfolio

Second Quarter 2024

Portfolio Review

The Mid Cap Core portfolio underperformed the Russell Midcap Index in the second quarter. Poor stock selection and an overweight in health care and poor stock selection in consumer staples detracted from performance. Good stock selection in industrials and financials contributed positively to performance.

The biggest contributors to performance during the quarter were Monolithic Power Systems and HEICO.

- Monolithic Power Systems' shares outperformed in the quarter as strength in its Enterprise Data related to the sale of Graphics Processing Units (GPUs) offset weakness across other segments. The company has been a beneficiary of the artificial intelligence (AI) theme via its dominant position in power management for NVIDIA's GPUs and expects further AI-related demand and the recovery of other end markets to support long-term diversified growth for its best-in-class power solutions.
- HEICO's shares had a strong showing in the quarter as both the company's commercial and defense areas showed solid organic growth.
- Other top contributors included Exponent, Lennox International, and Verisk Analytics.

The biggest detractors to performance during the quarter were POOLCORP and Lamb Weston.

- POOLCORP reported slow sales growth caused by customers deferring equipment upgrades exacerbated by poor pool weather at the beginning half of the year. The company also provided a swimming season update in June 2024, guiding business results down because of cautious consumer spending on big ticket items, citing industry-wide weak demand for new pool construction. In addition, when Home Depot announced the acquisition of a private competitor to the company, investors became concerned about the company's competitive environment. These factors caused shares to underperform.
- Lamb Weston's ERP implementation disrupted business operations resulting in the company losing share and lowering its near-term financial outlook during its fiscal year Q3 (calendar Q1). Revenues were down 12% organically with volumes down 16%. ERP headwinds contributed to 8 points of volume decline. Of the remaining decline, over half was driven by softer-than-expected restaurant traffic trends and the rest from voluntary exits of low-margin businesses. We believe it will take several quarters of solid execution to provide clarity that the company can work itself out of this problem without making significant concessions that undermine the quality of the business.
- Other bottom contributors included West Pharmaceutical Services, Cooper Companies, and Align Technology.

Purchases and Sales

During the quarter, we purchased Align Technology. There were no complete sales from the portfolio. Align Technology designs, manufactures, and markets Invisalign clear aligners, and iTero intraoral scanners and services for orthodontists and general practitioner dentists in the United States and internationally.

Outlook

It is always important to remember that no one can predict the macroeconomic environment with any regular accuracy. That is especially true right now. That said, until the Federal Reserve's most recent hiking cycle, the U.S. economy enjoyed 13 years of rates averaging 0.5%. This supported asset prices and made it easier for businesses, regardless of quality, to be successful. While we expect the Federal Reserve to eventually cut interest rates, we do not expect interest rates to return to 0%. Assuming interest rates settle at around 3-4%, that could have a profound impact on how companies operate and how assets are priced. We believe rates at this level may allow for quality companies with low leverage to better differentiate themselves to investors. Competitively advantaged businesses typically are better positioned to weather a more capital constrained environment.

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Portfolio Highlights

Style: Mid Cap
Sub-Style: Core
Index: Russell Midcap®
Portfolio Inception: 2000
Portfolio Assets: \$5,409.0 M*
Portfolio Turnover: 25%-35%

Investment Management Team

Name	Research Start Date
Jon Christensen, CFA Portfolio Manager + Senior Research Analyst	1995
Craig Stone Portfolio Manager + Senior Research Analyst	1990
Todd Beiley, CFA Senior Research Analyst	1999
Julie Biel, CFA Senior Research Analyst	2004
Julie Kutasov Senior Research Analyst	2001
Chris Wright, CFA Senior Research Analyst	2012
Adam Xiao, CFA Senior Research Analyst	2013
Tyler Cantarano Research Analyst	2017
Sean Dixon Research Analyst	2008
Luke Longinotti, CFA ESG Research Analyst	2020
Arthur Su, CFA Research Analyst	2015
Clarissa Ali Associate Research Analyst	2023

Top Five Holdings

As of June 30, 2024

Company	Percent of equity (%)
AMETEK	6.0
Lennox International	4.6
Houlihan Lokey	4.3
HEICO	4.3
Ross Stores	4.3
Total	23.5

* Figures in USD

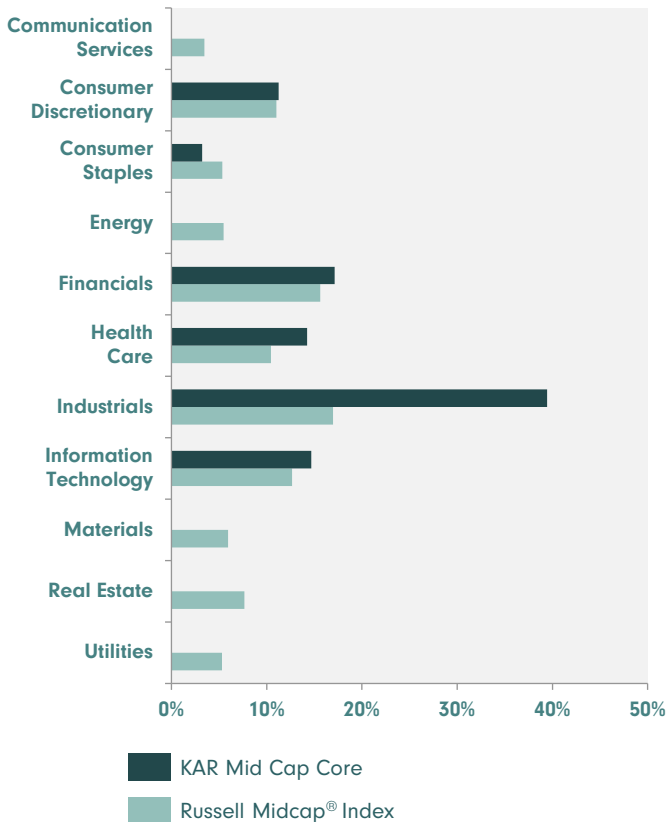
This report is based on the assumptions and analysis made and believed to be reasonable by Advisor. However, no assurance can be given that Advisor's opinions or expectations will be correct. This report is intended for informational purposes only and should be not considered a recommendation or solicitation to purchase securities. 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 KAR 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
Seeking Higher Quality Seeking Stronger, More Consistent Growth Seeking Better Value			

Sector Diversification

As of June 30, 2024



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, 2024

	KAR Mid Cap Core	Russell Midcap Index
Quality		
Return on Equity—Past 5 Years	24.3%	15.5%
Debt/EBITDA*	1.4 x	2.2 x
Earnings Variability—Past 10 Years	41.4%	62.2%
Growth		
Earnings Per Share Growth—Past 5 Years	13.2%	12.5%
Earnings Per Share Growth—Past 10 Years	13.9%	11.1%
Dividend Per Share Growth—Past 5 Years	11.9%	8.0%
Dividend Per Share Growth—Past 10 Years	10.9%	7.8%
Capital Generation—{ROE x (1-Payout)}	19.5%	11.0%
Value		
P/E Ratio—Trailing 12 Months	33.0 x	25.1 x
Dividend Yield	0.7%	1.6%
Free Cash Flow Yield†	3.0%	3.6%
Market Characteristics		
\$ Weighted Average Market Cap—3-Year Avg.	\$17.5 B	\$23.0 B
Largest Market Cap—3-Year Avg.	\$42.7 B	\$63.6 B
Annualized Standard Deviation—Since Inception‡	15.1%	17.5%

*KAR utilizes the interquartile method when calculating Debt/EBITDA. The interquartile method excludes outliers from an aggregate statistic such as weighted average. The interquartile method does not assume that data from the top or bottom of the distribution are outliers—only the extreme ends are excluded—and that it can be applied consistently as a quantitative method for most fundamental characteristics. Debt/EBITDA utilizes net debt for the calculation.

†Free cash flow data is as of March 31, 2024. Prices are as of June 30, 2024. Excludes financials.

‡January 1, 2000. Standard deviation for the KAR strategy is based on net-of-fee returns.

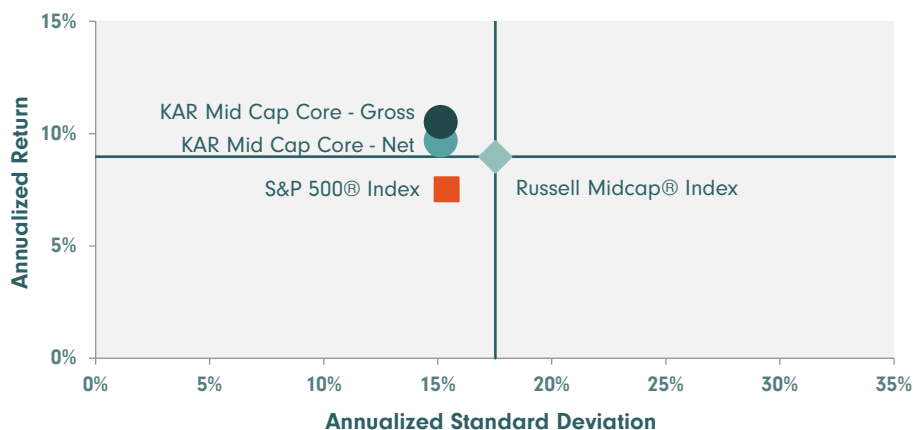
This material is deemed supplemental and complements the performance and disclosure at the end of this presentation. Data is obtained from FactSet Research Systems and BNY Mellon and is assumed to be reliable. Other principal consultant firms may use different algorithms to calculate selected statistics. 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.

Mid Cap Core Portfolio

Second Quarter 2024

Risk-Return Analysis

Inception* to June 30, 2024



Historical Returns

	KAR Mid Cap Core (gross)	KAR Mid Cap Core (net) [‡]	Russell Midcap [®] Index
Annualized Returns (%)[†]			
As of June 30, 2024			
2 nd Quarter	(4.77)	(4.96)	(3.35)
Year to Date	1.25	0.87	4.96
One Year	10.03	9.21	12.88
Three Years	3.39	2.62	2.37
Five Years	12.19	11.36	9.46
Seven Years	13.24	12.40	9.63
Ten Years	13.19	12.35	9.04
Inception*	10.52	9.70	8.97
Annual Returns (%)			
2023	23.75	22.84	17.23
2022	(19.04)	(19.66)	(17.32)
2021	26.42	25.49	22.58
2020	27.08	26.15	17.10
2019	32.17	31.20	30.54
2018	(3.21)	(3.93)	(9.06)
2017	26.13	25.21	18.52
2016	12.32	11.49	13.80
2015	3.37	2.60	(2.44)
2014	18.17	17.29	13.22
2013	28.54	27.60	34.76
2012	16.58	15.72	17.28
2011	4.52	3.74	(1.55)
2010	20.23	19.34	25.48
2009	21.11	20.22	40.48
2008	(28.63)	(29.18)	(41.46)
2007	6.45	5.66	5.60
2006	13.05	12.21	15.26
2005	8.86	8.05	12.65
2004	15.23	14.38	20.22
2003	26.72	25.79	40.06
2002	(12.62)	(13.28)	(16.19)
2001	(2.76)	(3.49)	(5.62)
2000	21.54	20.64	8.25

*January 1, 2000.

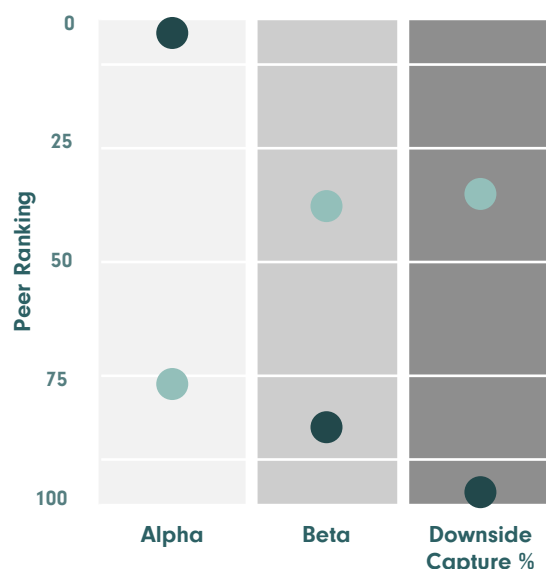
[†]All periods less than one year are total returns and are not annualized. Returns are final. Returns could be reduced, or losses incurred, due to currency fluctuations.

[‡]Net of all fees and expenses. Assumes a 0.75% 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.

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 final. 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.**

Peer Comparison Chart

Ten Years Ending June 30, 2024



● KAR Mid Cap Core ● Russell Midcap[®] Index

The eVestment Mid Cap Core Universe includes 45 managers categorized in the mid cap core asset class by eVestment. KAR does not pay any fees to be included in the eVestment Mid Cap Core Universe or for the ranking itself. KAR does pay fees for the use of certain products and services provided by eVestment. eVestment rankings are based on gross of fee returns. Gross of fee returns will be reduced by investment management fees and other expenses that may be incurred in the management of the account. Management fees are described in KAR's Form ADV Part 2A, which is available upon request and can also be found at <https://kayne.com/wp-content/uploads/ADV-Part-2A.pdf>. Returns could be reduced or losses incurred due to currency fluctuations. **Past performance is no guarantee of future results.**

Performance Statistics

Inception* to June 30, 2024

	KAR Mid Cap Core (gross)	KAR Mid Cap Core (net)	Russell Midcap [®] Index
Alpha	2.69	1.93	0.00
Sharpe Ratio	0.58	0.52	0.41
Information Ratio	0.24	0.11	N/A
Beta	0.80	0.80	1.00
Downside Capture	75.23	76.76	100.00
Tracking Error	6.45	6.45	N/A

Mid Cap Core Composite

Second Quarter 2024

Disclosure

Year	Composite Gross Return (%)	Composite Net Return (%)	Russell Midcap® Index Return (%)	Composite 3-Yr Std Dev (%)	Benchmark 3-Yr Std Dev (%)	Number of Accounts	Internal Dispersion (%)	Composite Assets (\$ Millions)	Firm Assets (\$ Millions)
2014	18.17	16.66	13.22	10.29	10.29	12	0.13	17	7,989
2015	3.37	2.03	(2.44)	11.96	11.00	15	0.44	40	8,095
2016	12.32	10.88	13.80	12.31	11.72	22	0.36	79	9,989
2017	26.13	24.53	18.52	10.76	10.51	72	0.23	170	14,609
2018	(3.21)	(4.46)	(9.06)	11.33	12.15	181	0.30	352	17,840
2019	32.17	30.50	30.54	12.49	13.08	323	0.39	700	25,685
2020	27.08	25.47	17.10	18.88	22.13	362	1.03	1,214	39,582
2021	26.42	24.82	22.58	17.65	20.84	467	0.27	1,946	47,269
2022	(19.04)	(20.11)	(17.32)	21.10	23.95	584	0.30	1,738	33,531
2023	23.75	22.17	17.23	18.95	19.38	692	0.54	2,799	41,186

The Russell Midcap® Index and Russell 1000® Index are trademarks/service marks 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, 2023.

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 Mid Cap Core Composite has had a performance examination for the period from January 1, 2000 through December 31, 2023. The verification and performance examination reports are available upon request.

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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 Mid Cap Core Portfolios. Mid Cap Core Portfolios are invested in equity securities with market capitalizations consistent with the Russell Midcap® 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 Midcap® Index. The Russell Midcap® Index is a market capitalization-weighted index of the 800 smallest companies in the Russell 1000® Index, which comprises the 1,000 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 2000. The composite was created in January 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.

The model management fee used for the net returns in this table is 1.30% for all periods presented. The standard Institutional management fee schedule currently in effect is as follows: 0.75% for the first \$25 million; 0.65% on the next \$25 million; 0.55% 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.

GLOSSARY

Standard Deviation: Measures variability of returns around the average return for an investment portfolio. Higher standard deviation suggests greater risk. **Alpha:** A risk-adjusted measure of an investment's excess return relative to a benchmark. **Sharpe Ratio:** A risk-adjusted measure calculated using standard deviation and excess return to determine reward per unit of risk. **Information Ratio:** The information ratio (IR) is a measurement of portfolio returns beyond the returns of a benchmark, usually an index, compared to the volatility of those returns. **Beta:** A quantitative measure of the volatility, or systematic risk, of a security or a portfolio in comparison to the market as a whole. **Downside Capture Ratio:** A statistical measure of an investment manager's overall performance in down-markets. It is used to evaluate how well an investment manager performed relative to an index during periods when that index has dropped.

Tracking Error: The divergence between the price behavior of a position or a portfolio and the price behavior of a benchmark. It is reported as a standard deviation percentage difference, which reports the difference between the return an investor receives and that of the benchmark they were attempting to imitate.

INDEX DEFINITION

The Russell Midcap® Index is a market capitalization-weighted index of medium-capitalization stocks of U.S. companies. The index is calculated on a total return basis with dividends reinvested. The index is unmanaged, its returns do not reflect any fees, expenses, or sales charges, and is not available for direct investment.