

Large Cap Quality Value Portfolio

Third Quarter 2020

Portfolio Review

The Large Cap Quality Value portfolio outperformed the Russell 1000 Value Index in the third quarter. An underweight in energy and an overweight in consumer discretionary contributed positively to performance. An underweight and poor stock selection in consumer staples and an underweight in communication services detracted from performance.

The biggest contributors to performance were Lowe's and Trane Technologies. The home improvement space has done well in the current environment as consumers have invested in improving their homes and this has benefited Lowe's. The company is also benefiting from improved execution under its new CEO. Trane Technologies' HVAC businesses (commercial and residential) have proven quite resilient during COVID-19. These systems break down regularly and need to be replaced, and residential customers are investing in their homes and many are upgrading their HVAC systems. In addition, the company is benefiting from increased demand from commercial customers for indoor air-quality assessments. Other top contributors included Zoetis, McDonald's and Honeywell International.

The biggest detractors to performance were Equifax and Teradyne. Equifax shares have performed well for much of the year due to solid business results that have been supported by robust mortgage origination activity. Despite reporting much better-than-expected results in the most recent quarter, the stock sold off due to the expectation that revenue growth will slow and earnings could come under pressure for the remainder of the year. Nonetheless, the business is performing very well in a tough environment and has some unique data assets with significant growth potential and pricing power. Teradyne's stock was somewhat weak this quarter after a strong period of outperformance last quarter. Other bottom contributors included Analog Devices, Travelers Companies and U.S. Bancorp.

Purchases and Sales

During the quarter, we purchased Fleetcor. There were no complete sales in the portfolio. Fleetcor is a global payments company that helps businesses manage expenses and make payments to suppliers and employees. The company operates in four major categories: corporate payments, fuel, lodging and tolls. Its businesses are characterized by high levels of recurring revenue, high EBITDA margins and a network advantage. Fleetcor's fuel card business helps businesses monitor and control spending by its employees. Its corporate payments business streamlines B2B payments for smaller businesses. In Brazil, the company's toll business provides automatic payments for drivers. In its lodging business, the company provides a proprietary network of hotels with significantly discounted rates for business travelers.

Outlook

It will take several years to fully recover from this health crisis, particularly in the hardest hit travel-related areas. But we will recover. A full recovery will be dependent upon the restoration of health confidence brought about by a vaccine becoming widely available or the virus slowly dissipating. However, at some point, taxes will probably be raised materially (regardless of who wins the election) causing future growth to be modest. Earnings growth is likely to continue to recover from the precipitous drop in the second quarter and it should show meaningful improvement over the next two to three years, even in a modest growth environment. While there continues to be above-average uncertainty (second wave risk, election results and economic recovery timeline) in the near term, we continue to believe our time-tested strategy of owning quality companies will continue to be rewarded over the long haul.

Portfolio Highlights

Style: Large Cap
Sub-Style: Value
Index: Russell 1000® Value
Portfolio Inception: 1994
Portfolio Assets: \$477.3 M
Portfolio Turnover: 25%–35%

Investment Management Team

Name	Years of research experience
Douglas S. Foreman, CFA Chief Investment Officer	34
Richard Sherry, CFA Portfolio Manager + Senior Research Analyst	22
Chris Armbruster, CFA Senior Research Analyst	15
Noran Eid Research Analyst	7

Top Five Holdings

As of September 30, 2020

Company	Percent of equity (%)
Lowe's Companies	5.1
Teradyne	4.1
Marsh & McLennan	3.9
Oracle	3.7
Wolters Kluwer	3.6
Total	20.4

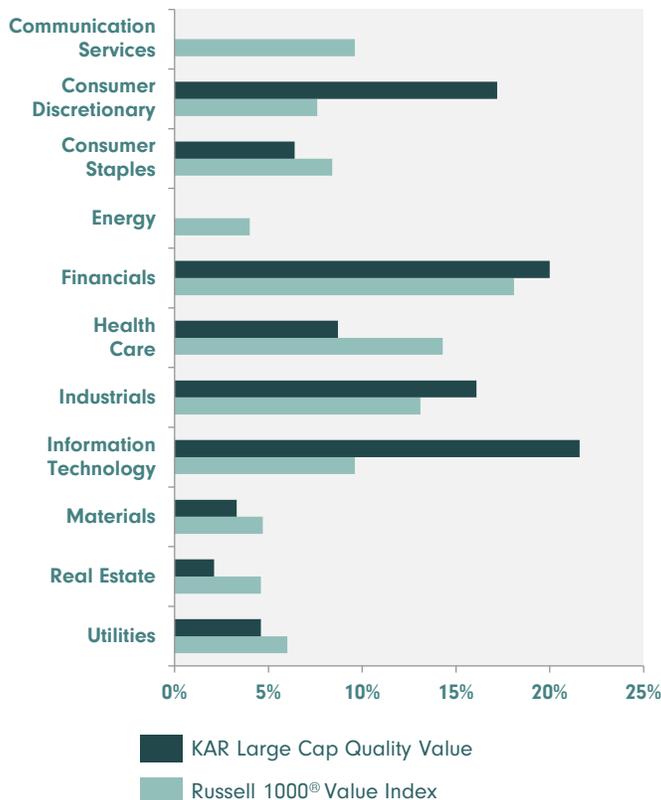
*This report is based on the assumptions and analysis made and believed to be reasonable by Advisor. However, no assurance can be given that Advisor's opinions or expectations will be correct. This report is intended for informational purposes only and should be not considered a recommendation or solicitation 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 superior 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 September 30, 2020



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 September 30, 2020

	KAR Large Cap Quality Value	Russell 1000 Value Index
Quality		
Return on Equity—Past 5 Years	22.1%	15.2%
Total Debt/EBITDA	3.1 x	5.0 x
Earnings Variability—Past 10 Years	30.4%	46.7%
Growth		
Earnings Per Share Growth—Past 5 Years	6.6%	5.0%
Earnings Per Share Growth—Past 10 Years	8.9%	6.2%
Dividend Per Share Growth—Past 5 Years	11.0%	9.1%
Dividend Per Share Growth—Past 10 Years	13.0%	12.2%
Capital Generation—{ROE x (1-Payout)}	12.6%	8.2%
Value		
P/E Ratio—Trailing 12 Months	28.7 x	25.8 x
Dividend Yield	1.6%	2.5%
Free Cash Flow Yield*	4.0%	4.7%
Market Characteristics		
\$ Weighted Average Market Cap	\$96.6 B	\$122.1 B
Beta†	0.86	1.00
Annualized Standard Deviation—Tenure Period†	14.1%	15.9%

*Free cash flow data is as of June 30, 2020. Prices are as of September 30, 2020. Excludes financials.

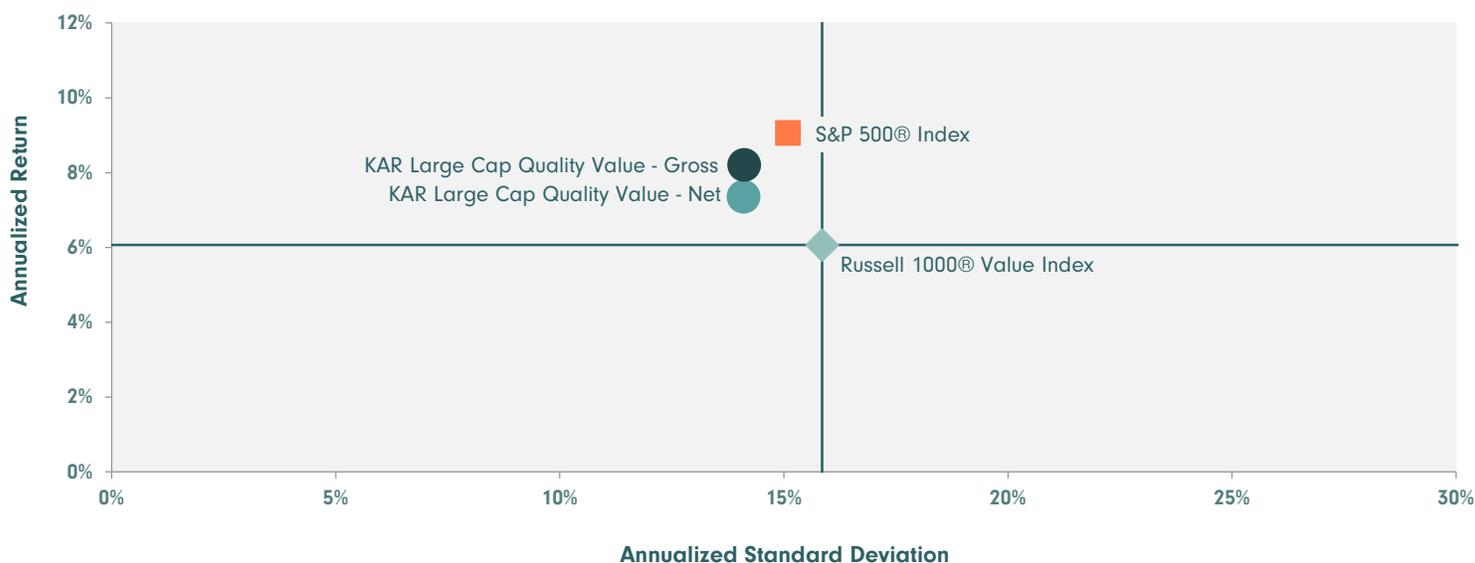
†Period from April 1, 2006 to September 30, 2020. This period delineates the period that Richard Sherry, CFA has managed the portfolio as the sole portfolio manager. This material is deemed supplemental and complements the performance and disclosure at the end of this presentation. Data is obtained from 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.**

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Third Quarter 2020

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 September 30, 2020			
3 rd Quarter	7.53	7.35	5.59
Year to Date	0.11	(0.41)	(11.58)
One Year	5.34	4.60	(5.03)
Three Years	10.39	9.63	2.63
Five Years	11.99	11.22	7.66
Seven Years	10.12	9.36	7.35
Ten Years	11.68	10.90	9.95
Inception*	8.21	7.36	6.07
Annual Returns (%)			
2019	29.61	28.73	26.54
2018	(3.90)	(4.57)	(8.27)
2017	18.58	17.76	13.66
2016	10.70	9.93	17.34
2015	(3.09)	(3.76)	(3.83)
2014	13.88	13.07	13.45
2013	29.95	29.07	32.53
2012	13.63	12.85	17.51
2011	1.65	0.96	0.39
2010	14.30	13.19	15.51
2009	26.02	24.79	19.69
2008	(30.58)	(31.31)	(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
Annualized Return	8.21	6.07
Annualized Standard Deviation	14.11	15.85
Alpha	2.62	0.00
Beta	0.86	1.00
Sharpe Ratio	0.50	0.31
Downside Capture	93.52	100.00
R-Squared	93.50	100.00

*Period from April 1, 2006 to September 30, 2020. 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.

[‡]Net of all fees and expenses. Assumes a 0.70% annual fee.

[§]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)
2010	14.30	13.19	15.51	20.07	23.51	12	0.29	6	4,729
2011	1.65	0.96	0.39	18.19	20.98	24	0.21	63	5,232
2012	13.63	12.85	17.51	14.75	15.73	66	0.50	177	6,545
2013	29.95	29.07	32.53	12.04	12.88	61	0.34	183	7,841
2014	13.88	13.07	13.45	8.95	9.33	69	0.28	218	7,989
2015	(3.09)	(3.76)	(3.83)	11.08	10.83	65	0.27	197	8,095
2016	10.70	9.93	17.34	11.43	10.93	75	0.27	209	9,989
2017	18.58	17.76	13.66	10.44	10.34	394	1.29	465	14,609
2018	(3.90)	(4.57)	(8.27)	10.33	10.98	381	0.50	385	17,840
2019	29.61	28.73	26.54	10.64	12.02	379	0.45	464	25,685

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, 2019.

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. The Large Cap Quality Value Composite has been examined for the period from January 1, 1999 through December 31, 2019. The verification and performance examination reports are available upon request.

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 composite was created in October 1994. A list of composite descriptions and policies for valuing portfolios, calculating performance and preparing compliant presentations 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. Prior to January 1, 2011, the composite minimum was \$250,000, and accounts that experienced a significant cash flow, as defined as aggregate flows that exceeded 25% of the account's beginning of period market value, were temporarily removed from the composite.

Non-fee-paying portfolios represent < 1% of the composite assets at year-end from 2013 through 2019.

The standard 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. 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.