

Mid Cap Sustainable Growth Portfolio

Third Quarter 2020

Portfolio Overview

The Mid Cap Sustainable Growth portfolio outperformed the Russell Midcap Growth Index in the third quarter. Performance was driven by strong stock selection in information technology and strong stock selection and an overweight in consumer discretionary. Poor stock selection in industrials and poor stock selection and an underweight in communication services detracted from performance.

The biggest contributors to performance during the quarter were The Trade Desk and GSX Techedu. The Trade Desk outperformed as growth returned to programmatic advertising in the most recent quarter after the ad spending slowdown that followed the first COVID-19 wave. At about 25% of revenue, connected TV (CTV) is The Trade Desk's most important strategic focus at the moment and one that could thrive under stay-at-home restrictions. The global TV ad market is at least \$250 billion and CTV is estimated to be just 3% penetrated with The Trade Desk named as the preferred provider by Disney and getting premium inventory from Amazon, Comcast and Roku. GSX Techedu was the subject of nine high profile short reports which alleged the company was fabricating its numbers. After speaking to management and multiple industry analysts, we are convinced that the company is not fraudulent, but it does face increasing headwinds in the form of well-funded new competitors and rising customer acquisition costs. Despite all of the negative headlines, shares have performed well. Other top contributors include DocuSign, POOLCORP and Freshpet.

The biggest detractors from the portfolio were Slack Technologies and HealthEquity. When we purchased Slack Technologies, we were aware of a formidable competitor in Microsoft and its Teams product. Adoption and use of Microsoft's Teams has exceeded our expectations. While Slack's software does improve virtual communication, it is not a mission critical upgrade for the work-from-home transition like Zoom so billings have disappointed over the last few quarters. As a result, we sold our position. As a leader in the market for Health Savings Accounts, HealthEquity underperformed due to reduced health-care spending overall and from pressure on custodial revenue as the Federal Reserve reduced interest rates to zero and indicated they would remain there through 2023. We still have confidence in the HIPAA compliant software platform that HealthEquity has built and believe that expectations for revenue growth have been sufficiently reduced in the current operating environment. Other bottom contributors include ZoomInfo Technologies, Equifax and Avalara.

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.

Purchases and Sales

New Purchases	Complete Sales
National Beverage	Illumina
nCino	SEI Investments
Vital Farms	Slack Technologies



Portfolio Highlights

Style: Mid Cap
Sub-Style: Growth
Index: Russell Midcap® Growth
Portfolio Assets: \$2,648.2 M
Portfolio Turnover: 25%–35%

Investment Management Team

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

Top Five Holdings

As of September 30, 2020

Company	Percent of equity (%)
Bill.com	5.7
The Trade Desk	5.7
MercadoLibre	4.8
Okta	4.2
DocuSign	4.0
Total	24.5

*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
<p>Qualitative Methods</p> <ul style="list-style-type: none"> Investment conferences Meetings with companies Industry reviews Research on existing portfolio holdings Third-party research <p>Quantitative Screens</p> <ul style="list-style-type: none"> High return on capital over a full economic cycle Earnings surprise Long and resilient earnings history High return on net operating assets Minimal debt 	<p>Qualitative Analysis</p> <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 <p>Financial Analysis</p> <ul style="list-style-type: none"> Evaluate basis for superior profitability, long-term growth potential, and ability to allocate capital appropriately <p>Valuation Analysis</p> <ul style="list-style-type: none"> Determine the current and potential value of the business 	<p>Position Weights</p> <ul style="list-style-type: none"> Maximum initial position size is 5% (at cost) Maximum position size is 10% (at market) <p>Sector Tolerances</p> <ul style="list-style-type: none"> Seek broad diversification, but no sector constraints <p>Holding Period</p> <ul style="list-style-type: none"> Typically 3-to-5 years, but is often longer Portfolio turnover is typically 25% to 35% <p>Cash Levels</p> <ul style="list-style-type: none"> Typically will not exceed 10% once a portfolio is fully invested; review by CIO triggered if over 10% 	<p>Negative Company or Industry Changes</p> <p>Portfolio Upgrade</p> <p>Acquisition Activity</p> <p>Extended Valuation</p>
Higher Quality		Stronger, More Consistent Growth	

Portfolio Characteristics

As of September 30, 2020

	KAR Mid Cap Sustainable Growth	Russell Midcap® Growth Index
Quality		
Return on Equity—Past 5 Years	21.9%	17.1%
Total Debt/EBITDA	11.8 x	3.5 x
Earnings Variability—Past 10 Years	36.3%	48.3%
Growth		
Sales Per Share Growth—Past 5 Years	16.2%	12.7%
Earnings Per Share Growth—Past 5 Years	22.3%	18.2%
Earnings Per Share Growth—Past 10 Years	15.3%	13.2%
Value		
P/E Ratio—Trailing 12 Months	123.3 x	73.6 x
P/E Ratio—1 Year Forecast FY EPS	45.0 x	31.7 x
Free Cash Flow Yield*	1.2%	2.4%
Market Characteristics		
\$ Weighted Average Market Cap	\$23.3 B	\$20.5 B
Largest Market Cap	\$91.0 B	\$45.1 B

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

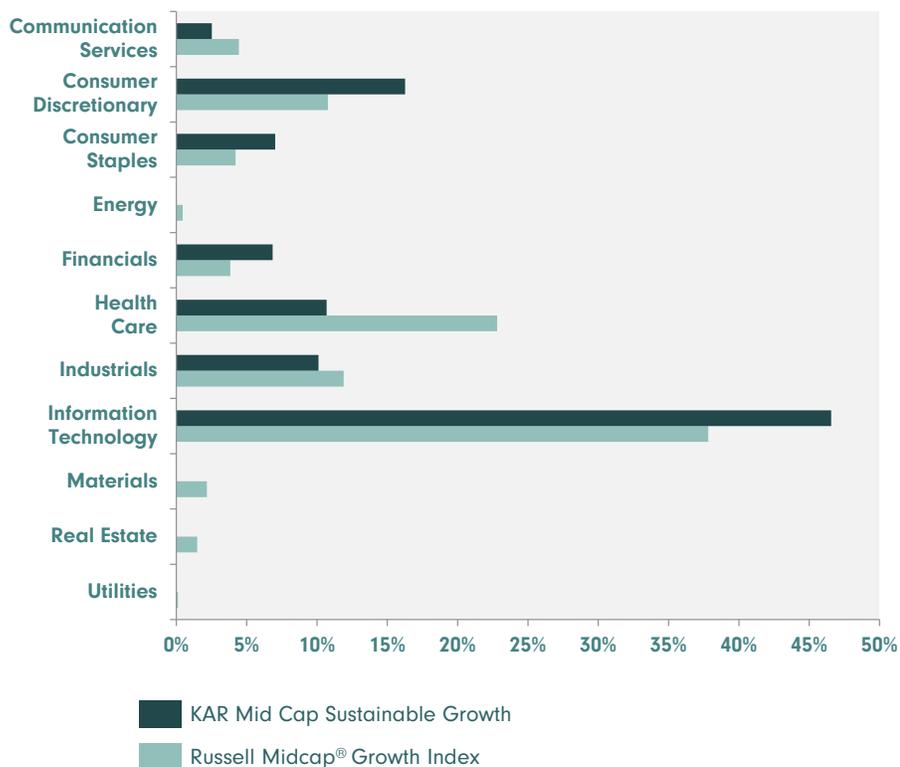
Data is obtained from FactSet Research Systems and BNY Mellon and is assumed to be reliable. Other principal consultant firms may use different algorithms to calculate selected statistics. Estimates are based on certain assumptions and historical information. **Past performance is no guarantee of future results.**

Mid Cap Sustainable Growth Portfolio

Third Quarter 2020

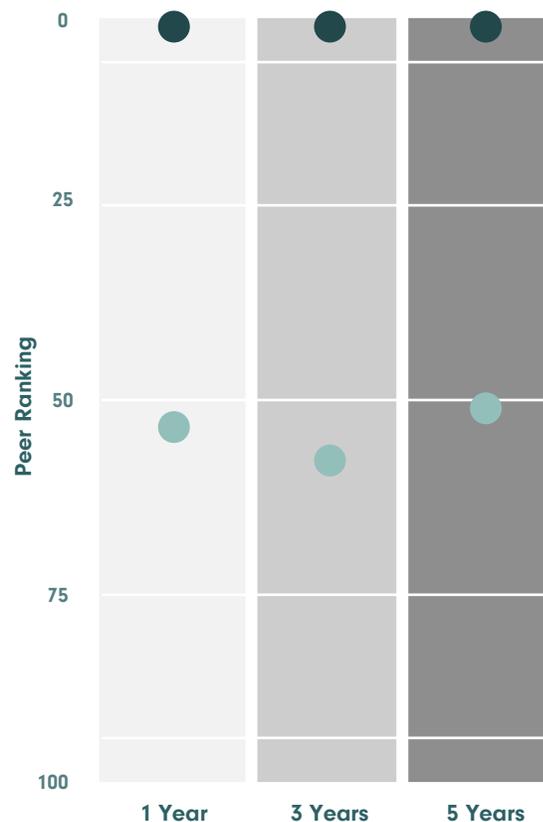
Sector Diversification

As of September 30, 2020



Peer Comparison Chart

Annualized Returns Ending September 30, 2020



● KAR Mid Cap Sustainable Growth
● Russell Midcap Growth Index

Historical Returns

	KAR Mid Cap Sustainable Growth (gross)	KAR Mid Cap Sustainable Growth (net) [†]	Russell Midcap Growth Index
Annualized Returns (%)[†]			
As of September 30, 2020			
3 rd Quarter	11.64	11.43	9.37
Year to Date	42.20	41.37	13.92
One Year	58.23	57.02	23.23
Three Years	33.27	32.23	16.23
Five Years	27.85	26.85	15.53
Seven Years	20.33	19.39	13.25
Inception*	19.97	19.03	15.28
Annual Returns (%)			
2019	44.29	43.18	35.47
2018	9.04	8.17	(4.75)
2017	35.26	34.21	25.27
2016	3.27	2.45	7.33
2015	4.06	3.24	(0.20)
2014	4.98	4.15	11.90
2013	26.46	25.47	35.74
2012	13.97	13.07	15.81

*January 1, 2012

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

[†]Net of all fees and expenses. Assumes a 0.75% annual fee.

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. 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 from FactSet Research Systems and is assumed to be reliable. **Past performance is no guarantee of future results.**

Performance Statistics

Inception* to September 30, 2020

	KAR Mid Cap Sustainable Growth	Russell Midcap Growth Index
Annualized Return	19.97	15.28
Annualized Standard Deviation	16.04	14.99
Beta	0.98	1.00
Sharpe Ratio	1.21	0.98
R-Squared	84.09	100.00

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Disclosure

Year	Composite Gross Return (%)	Composite Net Return (%)	Russell Midcap® Growth Index Return (%)	Composite 3-Yr Std Dev (%)	Benchmark 3-Yr Std Dev (%)	Number of Accounts	Internal Dispersion (%)	Composite Assets (\$ Millions)	Firm Assets (\$ Millions)
2012	13.97	13.07	15.81	N/A	N/A	< 5	N/A	82	6,545
2013	26.46	25.47	35.74	N/A	N/A	< 5	N/A	93	7,841
2014	4.98	4.15	11.90	11.25	11.02	< 5	N/A	90	7,989
2015	4.06	3.24	(0.20)	13.28	11.47	< 5	N/A	88	8,095
2016	3.27	2.45	7.33	14.38	12.35	< 5	N/A	83	9,989
2017	35.26	34.21	25.27	13.14	11.04	< 5	N/A	98	14,609
2018	9.04	8.17	(4.75)	14.52	13.00	7	N/A	172	17,840
2019	44.29	43.18	35.47	15.87	14.07	38	0.19	688	25,685

The Russell Midcap® Growth 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, 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 Mid Cap Sustainable Growth Composite has been examined for the period from January 1, 2012 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 Mid Cap Sustainable Growth Portfolios. Mid Cap Sustainable Growth Portfolios are invested in equity securities with market capitalizations consistent with the Russell Midcap® 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 Midcap® Growth Index. The Russell Midcap® Growth Index is a market capitalization-weighted index of growth-oriented stocks 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 composite was created in January 2012. A list of composite descriptions and policies for valuing portfolios, calculating performance and preparing compliant presentations are available upon request.

Non-fee-paying portfolios represent < 1% of the composite assets at year-end from 2012 through 2019.

The standard management fee schedule currently in effect is 0.80% per annum. 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 gross of management fees and withholding taxes and 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, which measures the variability of the composite (using gross returns) and the benchmark for the 36-month period, is not presented for periods prior to 2014 because 36 monthly composite returns are not available.