

Small Cap Quality Value Portfolio

Third Quarter 2020

Portfolio Review

The Small Cap Quality Value portfolio outperformed the Russell 2000 Value Index during the third quarter. An underweight in financials and strong stock selection in materials contributed positively to performance. Poor stock selection in consumer discretionary and poor stock selection and an underweight in health care detracted from performance.

The biggest contributors to performance during the quarter were Scotts Miracle-Gro and Watsco. Scotts Miracle-Gro has continued to see unprecedented demand in both its segments as pandemic lock-ins have created a renewed interest in gardening. We view the company as well positioned to maintain its competitive position. Watsco saw a tremendous recovery in the months following the first quarter. As the weather heated up in June, the company saw double-digit growth in its residential segment, which accounts for about 75% of its total business. The company was also able to utilize its balance sheet strength to take share by having plentiful inventory amid some supply shortages. Additionally, Watsco's technology spending over the past three-plus years is finally bearing fruit, as many contractors were forced to rapidly adopt the digital offerings to serve customers. Other top contributors included Graco, The Cheesecake Factory and National Beverage.

The biggest detractors to performance were Albany International and Bank of Hawaii. Due to COVID-19, the global commercial air travel industry has experienced a significant decline in passenger demand. In concert with the decline, purchase orders for new airplanes from Boeing and Airbus have decreased significantly. The result has been reduced demand and increased uncertainty for Albany International's composite aerospace business. However, we continue to believe the fundamental competitive positioning of the business remains intact. Bank of Hawaii's shares have yet to recover from the sharp sell off at the end of the first quarter due to COVID-19. The ongoing pandemic and strict quarantine restrictions in Hawaii have brought tourism to a standstill and caused a significant uptick in unemployment. With loan losses expected to rise, the bank has been increasing its loss reserves, which caused earnings to decline compared to the previous quarter. While we expect the impact of COVID-19 to remain a meaningful near-term headwind for the Hawaiian economy, we think Bank of Hawaii's conservative balance sheet will allow it to navigate this tough environment. Other detractors included RBC Bearings, Thor Industries and Jack Henry & Associates.

Purchases and Sales

During the quarter, we purchased Armstrong World Industries, Construction Partners, John Bean Technologies and Stock Yards Bancorp. We sold Lincoln Electric Holdings. Armstrong World Industries engages in the design, manufacture and sale of commercial and residential ceiling, wall and suspension system solutions. The company was founded in 1891 and has established a highly protectable position with a leading market share and recognizable brand in the commercial ceiling marketplace. Construction Partners engages in the construction of roadways and highways. It acquires road construction companies with services in asphalt production, paving and other construction services for both the public and private sectors. Construction Partners is #1 or #2 in each of its markets. John Bean Technologies is an equipment supplier and aftermarket products and services business operating in two segments: FoodTech and AeroTech. John Bean's businesses strive to provide a lower total cost of ownership by providing increased equipment up time, increased yields and improved final product quality. The company's equipment occupies the premium-priced segment of the market. Stock Yards Bancorp operates as a holding company. It engages in the provision of commercial and personal banking services. The company continues to generate a healthy double-digit return on equity in a low interest rate environment due to its low-cost deposits, disciplined loan pricing and significant fee income generated by its Trust and Wealth Management division. We sold Lincoln Electric as it will be tougher for the company to get back to previous peak corporate profitability in the next upcycle with its acquisition in Europe given the much lower margin structure outside of the U.S.

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: Small Cap
Sub-Style: Value
Index: Russell 2000® Value
Portfolio Inception: 1998
Portfolio Assets: \$4,040.4 M
Portfolio Turnover: 25%–35%

Investment Management Team

Name	Years of research experience
Douglas S. Foreman, CFA Chief Investment Officer	34
Julie Kutsov Portfolio Manager + Senior Research Analyst	19
Craig Stone Portfolio Manager + Senior Research Analyst	31
Todd Beiley, CFA Senior Research Analyst	21
Julie Biel, CFA Senior Research Analyst	12
Jon Christensen, CFA Senior Research Analyst	25
Chris Wright, CFA Senior Research Analyst	8
Sean Dixon Research Analyst	11
Adam Xiao, CFA Research Analyst	5

Top Five Holdings

As of September 30, 2020

Company	Percent of equity (%)
Scotts Miracle-Gro	7.0
SiteOne Landscape Supply	5.5
Watsco	5.3
CoreLogic	5.2
Brooks Automation	5.1
Total	28.0

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 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

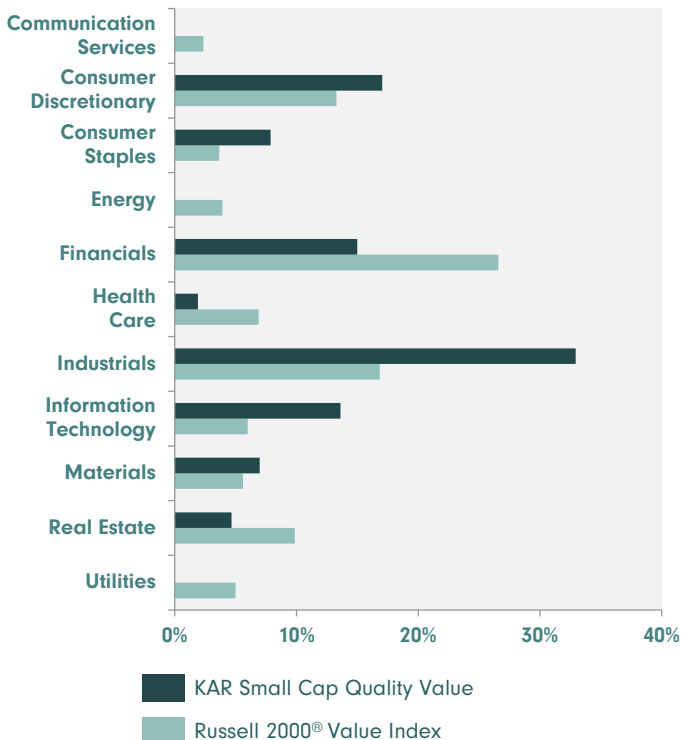
Higher Quality

Stronger, More Consistent Growth

Better Value

Sector Diversification

As of 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 Small Cap Quality Value	Russell 2000 Value Index
Quality		
Return on Equity—Past 5 Years	22.4%	8.0%
Total Debt/EBITDA	2.3 x	8.1 x
Earnings Variability—Past 10 Years	36.3%	78.2%
Growth		
Earnings Per Share Growth—Past 5 Years	10.7%	4.6%
Earnings Per Share Growth—Past 10 Years	7.9%	5.5%
Dividend Per Share Growth—Past 5 Years	10.1%	5.3%
Dividend Per Share Growth—Past 10 Years	6.5%	7.1%
Capital Generation—{ROE x (1-Payout)}	13.4%	5.6%
Value		
P/E Ratio—Trailing 12 Months	33.5 x	39.1 x
Dividend Yield	1.5%	2.2%
Free Cash Flow Yield [†]	4.6%	7.9%
Market Characteristics		
\$ Weighted Average Market Cap—3-Year Avg.	\$3.7 B	\$2.0 B
Largest Market Cap—3-Year Avg.	\$11.2 B	\$7.1 B
Annualized Standard Deviation—Since Inception [‡]	16.6%	19.0%

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

[‡]June 1, 1998

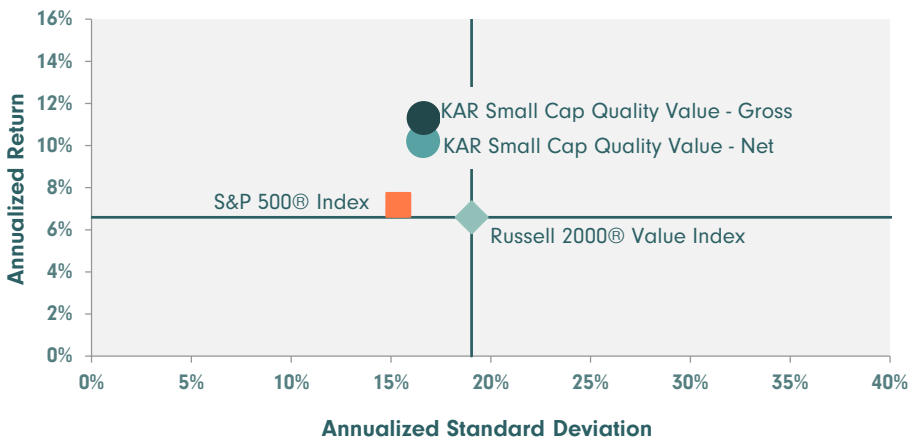
This material is deemed supplemental and complements the performance and disclosure at the end of this presentation. Data is obtained from FactSet Research Systems and BNY Mellon and is assumed to be reliable. Other principal consultant firms may use different algorithms to calculate selected statistics. Estimates are based on certain assumptions and historical information. **Past performance is no guarantee of future results.**

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Third Quarter 2020

Strong Risk-Adjusted Returns

Inception* to September 30, 2020



Historical Returns

	KAR Small Cap Quality Value (gross)	KAR Small Cap Quality Value (net) [‡]	Russell 2000 [®] Value Index
Annualized Returns (%)[†]			
As of September 30, 2020			
3 rd Quarter	3.96	3.70	2.56
Year to Date	4.74	3.95	(21.54)
One Year	11.03	9.94	(14.88)
Three Years	5.61	4.56	(5.13)
Five Years	12.66	11.55	4.11
Seven Years	10.19	9.10	3.27
Ten Years	12.59	11.48	7.09
Inception*	11.30	10.21	6.59

Annual Returns (%)			
2019	25.79	24.56	22.39
2018	(14.80)	(15.66)	(12.86)
2017	20.48	19.30	7.84
2016	26.74	25.50	31.74
2015	(0.16)	(1.16)	(7.47)
2014	3.05	2.00	4.22
2013	41.06	39.72	34.52
2012	9.97	8.87	18.05
2011	6.57	5.54	(5.50)
2010	25.10	23.88	24.50
2009	26.97	25.73	20.58
2008	(28.51)	(29.26)	(28.92)
2007	2.19	1.18	(9.78)
2006	24.45	23.25	23.48
2005	8.88	7.79	4.71
2004	28.10	26.83	22.25
2003	21.88	20.69	46.03
2002	1.11	0.10	(11.43)
2001	19.42	18.29	14.02
2000	24.92	23.70	22.83
1999	(7.69)	(8.60)	(1.49)
1998 [§]	9.61	9.07	(10.93)

*June 1, 1998

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

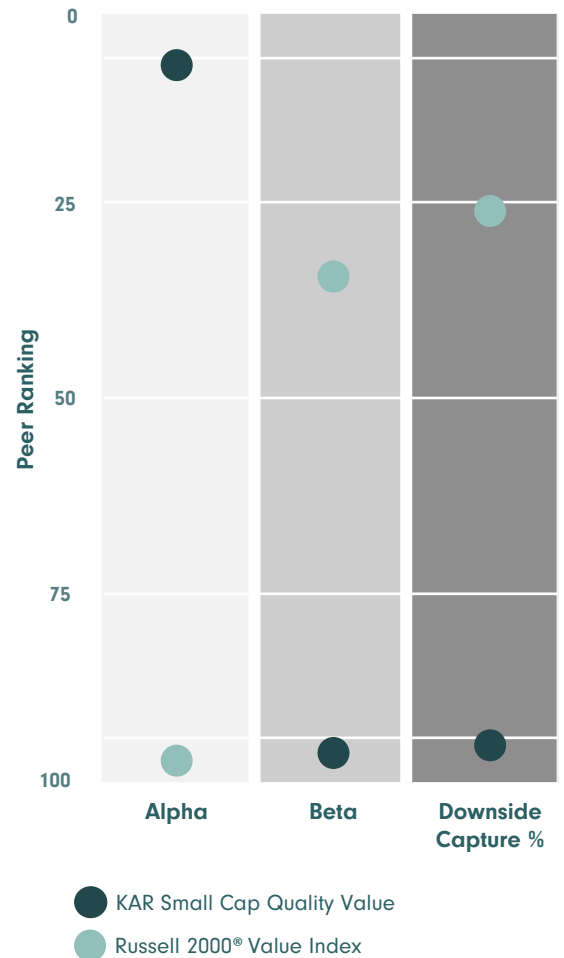
[‡]Net of all fees and expenses. Assumes a 1% annual fee.

[§]Performance calculations are for the seven months ended December 31, 1998.

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 Value Universe includes all managers categorized in the small cap value 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.**

Peer Comparison Chart

Inception* to September 30, 2020



Performance Statistics

Inception* to September 30, 2020

	KAR Small Cap Quality Value	Russell 2000 [®] Value Index
Annualized Return	11.30	6.59
Annualized Standard Deviation	16.63	19.04
Alpha	5.50	0.00
Beta	0.77	1.00
Sharpe Ratio	0.57	0.25
R-Squared	77.15	100.00

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Disclosure

Year	Composite Gross Return (%)	Composite Net Return (%)	Russell 2000® 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	25.10	23.88	24.50	24.43	28.77	77	0.60	98	4,729
2011	6.57	5.54	(5.50)	21.64	26.42	106	0.48	521	5,232
2012	9.97	8.87	18.05	16.24	20.17	120	0.35	474	6,545
2013	41.06	39.72	34.52	14.50	16.05	142	1.05	646	7,841
2014	3.05	2.00	4.22	13.06	12.98	149	0.52	581	7,989
2015	(0.16)	(1.16)	(7.47)	13.94	13.65	151	0.20	535	8,095
2016	26.74	25.50	31.74	14.30	15.72	141	1.13	711	9,989
2017	20.48	19.30	7.84	12.32	14.17	191	0.56	996	14,609
2018	(14.80)	(15.66)	(12.86)	14.42	15.98	152	0.35	895	17,840
2019	25.79	24.56	22.39	14.59	15.90	126	0.65	1,107	25,685

The Russell 2000® 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 Small 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 Small Cap Quality Value Portfolios. Small Cap Quality Value Portfolios are invested in equity securities with capitalizations consistent with the Russell 2000® Value 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® Value Index. The Russell 2000® Value Index is a market capitalization-weighted index of value-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 independent verifiers. The composite was created in June 1998. 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, defined as aggregate flows that exceeded 25% of the account's beginning of period market value, were temporarily removed from the composite.

The standard 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. 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.