

Small-Mid Cap Core Portfolio

Third Quarter 2020



Portfolio Review

The Small-Mid Cap Core portfolio outperformed the Russell 2500 Index during the third quarter. Performance was driven primarily by strong stock selection in health care and financials. Poor stock selection in industrials and consumer discretionary detracted from performance.

The biggest contributors to performance during the quarter were DocuSign and Charles River Laboratories. DocuSign continued to report very strong demand for its core e-signature solutions. Its products have allowed many businesses to continue working remotely and still be able to execute contracts. It also has seen higher order volumes for its more comprehensive solutions. The shares of Charles River Laboratories rose in the quarter as a greater number of large pharmaceutical firms are outsourcing to smaller biotech firms. Biotech firms continue to be well funded for many years to come. Other top contributors included Scotts Miracle-Gro, POOLCORP and Copart.

The biggest detractors from the portfolio were Thor Industries and Jack Henry & Associates. Due to COVID-19 and its impact on consumers' lack of interest in utilizing airplanes and hotels for travel purposes, the RV industry experienced healthy demand for its products as traveling in an RV can permit physical distancing from others while traveling in one's own living space. The market caught wind of this factor and reassessed the advance of Thor's stock price from the spring 2020 low. We continue to believe Thor's competitive position will fundamentally benefit the business over time. In the most recent quarter, Jack Henry's revenue growth slowed as COVID elongated software implementation times and reduced card processing volumes. COVID is likely to be a headwind to fiscal year 2021 results as well. We view these headwinds as short-term in nature and are encouraged by the company's continued ability to win new accounts away from competitors, which bodes well for future revenue and profit growth. Other detractors included Teradyne, FLIR Systems and Exponent.

Purchases and Sales

During the quarter we purchased Bentley Systems and Chemed and we sold AMN Healthcare Services and nVent Electric. Bentley Systems sells software for the infrastructure markets, both on the project delivery side (large Engineering and Construction contractors as customers) as well as the asset performance side (public entities and large corporations). Bentley has developed a brand synonymous with infrastructure. Across its very diverse product line up, it holds either the #1 or #2 market position. Chemed operates through two business segments: VITAS and Roto-Rooter. VITAS provides hospice and palliative care services to patients through a network of physicians, registered nurses, home health aides, social workers, clergy, and volunteers in the United States. Roto-Rooter offers plumbing, drain cleaning, water restoration and other related services to residential and commercial customers through company-owned and independent contractors and franchised locations. We sold our position in AMN Healthcare Services as hospitals are experiencing both operational and financial stress due to the COVID-19 crisis and the elevation of telehealth use has created further cloudiness in understanding the company's value-add in travel nurses and locum tenen doctors in the future. We sold nVent and replaced it with another name that has similar end market exposure but that we had stronger conviction of higher expected returns over the long term.

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-Mid Cap
Sub-Style: Core
Index: Russell 2500™
Portfolio Inception: 1992
Portfolio Assets: \$7,490.5 M
Portfolio Turnover: 25%–35%

Investment Management Team

Name	Years of research experience
Douglas S. Foreman, CFA Chief Investment Officer	34
Jon Christensen, CFA Portfolio Manager + Senior Research Analyst	25
Julie Kutasov 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
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	6.5
DocuSign	5.3
MSCI	5.0
POOLCORP	4.8
Teradyne	4.7
Total	26.4

*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 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

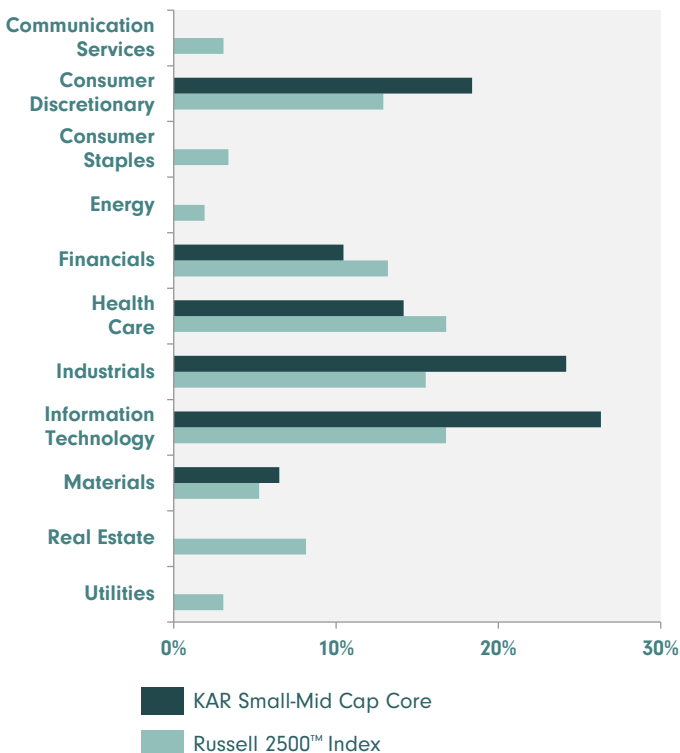
Higher Quality

Stronger, More Consistent Growth

Better Value

Sector Diversification

As of September 30, 2020



Portfolio Characteristics

As of September 30, 2020

	KAR Small-Mid Cap Core	Russell 2500™ Index
Quality		
Return on Equity—Past 5 Years	23.1%	10.7%
Total Debt/EBITDA	2.4 x	7.0 x
Earnings Variability—Past 10 Years	38.6%	65.7%
Growth		
Earnings Per Share Growth—Past 5 Years	14.2%	8.8%
Earnings Per Share Growth—Past 10 Years	13.2%	8.1%
Capital Generation—{ROE x (1-Payout)}	18.0%	8.1%
Value		
P/E Ratio—Trailing 12 Months	39.0 x	61.8 x
Dividend Yield	0.6%	1.4%
Free Cash Flow Yield [†]	3.3%	4.3%
Market Characteristics		
\$ Weighted Average Market Cap—3-Year Avg.	\$9.5 B	\$5.2 B
Largest Market Cap—3-Year Avg.	\$21.2 B	\$21.4 B
Annualized Standard Deviation—Since Inception*	14.8%	17.8%

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

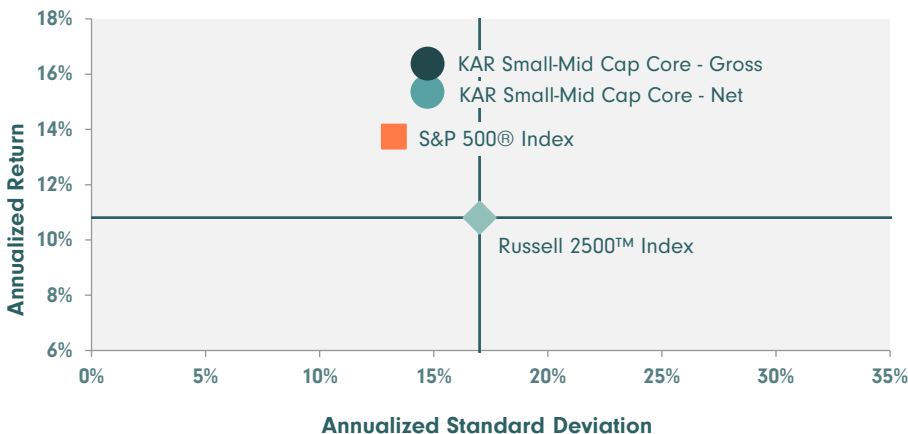
A complete listing of portfolio holdings and specific security transactions for the preceding 12 months is available upon request. Holdings are subject to change. Holdings and weightings are based on a representative portfolio. Individual Investors' holdings may differ slightly. The sector information 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

Third Quarter 2020

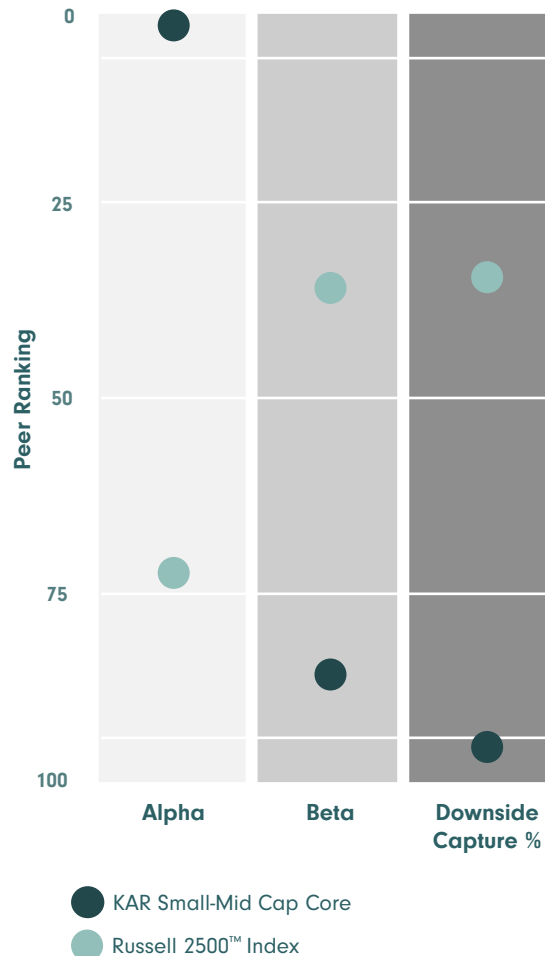
Strong Risk-Adjusted Returns

Ten Years Ending September 30, 2020



Peer Comparison Chart

Ten Years Ending September 30, 2020



Historical Returns

	KAR Small-Mid Cap Core (gross)	KAR Small-Mid Cap Core (net) [†]	Russell 2500™ Index
Annualized Returns (%)[†]			
As of September 30, 2020			
3 rd Quarter	8.62	8.38	5.88
Year to Date	17.56	16.78	(5.82)
One Year	28.50	27.37	2.22
Three Years	19.68	18.62	4.45
Five Years	18.72	17.68	8.97
Seven Years	15.98	14.95	7.70
Ten Years	16.38	15.36	10.81
Inception*	11.98	10.91	10.10

Annual Returns (%)	KAR Small-Mid Cap Core (gross)	KAR Small-Mid Cap Core (net) [†]	Russell 2500™ Index
2019	40.77	39.54	27.77
2018	(4.41)	(5.27)	(10.00)
2017	19.77	18.71	16.81
2016	17.30	16.26	17.59
2015	6.16	5.23	(2.90)
2014	9.74	8.74	7.07
2013	31.61	30.47	36.80
2012	8.82	7.90	17.88
2011	8.45	7.56	(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	(0.66)	1.38
2006	13.83	12.71	16.17
2005	3.13	2.09	8.11
2004	14.19	13.03	18.29
2003	24.81	23.60	45.51
2002	(16.98)	(17.83)	(17.80)
2001	5.06	4.03	1.22
2000	23.80	22.58	4.27
1999	6.09	5.06	24.14
1998	21.39	20.20	0.38
1997	20.82	19.63	24.36
1996	27.00	25.74	19.03
1995	17.47	16.30	31.70
1994	2.75	1.74	(1.05)
1993	20.00	18.84	16.55
1992 [§]	9.65	8.85	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.

[§]Performance calculations are for the nine months ended December 31, 1992.

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-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.**

Performance Statistics

Ten Years Ending September 30, 2020

	KAR Small-Mid Cap Core	Russell 2500™ Index
Annualized Return	16.38	10.81
Annualized Standard Deviation	14.73	17.01
Alpha	6.97	0.00
Beta	0.80	1.00
Sharpe Ratio	1.08	0.60
R-Squared	86.29	100.00

Small-Mid Cap Core Portfolio

Third Quarter 2020

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)
2010	20.46	19.27	26.71	21.89	27.18	9	0.13	25	4,729
2011	8.45	7.56	(2.51)	18.53	23.73	25	0.13	37	5,232
2012	8.82	7.90	17.88	15.19	19.24	26	0.12	40	6,545
2013	31.61	30.47	36.80	12.17	15.85	27	0.24	59	7,841
2014	9.74	8.74	7.07	10.27	11.84	20	0.26	21	7,989
2015	6.16	5.23	(2.90)	12.23	12.59	18	0.23	21	8,095
2016	17.30	16.26	17.59	12.63	13.86	39	0.13	34	9,989
2017	19.77	18.71	16.81	11.15	12.31	83	0.31	137	14,609
2018	(4.41)	(5.27)	(10.00)	13.31	14.30	92	0.19	111	17,840
2019	40.77	39.54	27.77	14.86	14.79	135	0.69	225	25,685

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, 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-Mid Cap Core 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-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 composite was created in July 2000. 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 taxable and tax-exempt accounts. From July 1, 2000 to December 31, 2010, only non-taxable Small-Mid Cap Core Portfolios are included in the composite. 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.

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: 0.90% 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 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. 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. Prior to January 1, 2011, the highest tier assumed of the standard management fee schedule for this product was 1.00%.

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.