

Small-Mid Cap Sustainable Growth Portfolio

Third Quarter 2020

Portfolio Review

The third quarter saw continued market appreciation following very strong performance in the second quarter. The Small-Mid Cap Sustainable Growth portfolio outperformed the benchmark Russell 2500 Growth Index for the quarter. Strong stock selection in health care and communication services contributed positively to performance. Poor stock selection and an underweight in consumer discretionary and poor stock selection and an overweight in financials detracted from performance.

The biggest contributors to performance during the quarter were Silk Road Medical and DocuSign. Silk Road reported a solid bounce-back in procedures that had been halted with COVID-19. The company also benefited from a recent study that demonstrated the benefits of Silk's technology relative to more invasive standard of care. DocuSign's technology enables companies to conduct more of their business digitally. Beyond eSignature, the company provides total contract lifecycle management which, during an unprecedented shift to work at home, has had robust performance. Other top contributors included Five9, West Pharmaceutical Services and Copart.

The biggest detractors from the portfolio were HealthEquity and Ollie's Bargain Outlet. HealthEquity reported a very strong quarter, but investors seemed concerned by increased competition in the space. We believe the company's lead in its industry will be maintained over time. Ollie's Bargain Outlet again reported very strong same-store sales results helped by the COVID-19 crisis. While sales are beginning to normalize, some investors are concerned Ollie's will give back some of these gains. We believe the Ollie's shopping experience will support continued growth. Other bottom contributors included Lemonade, Jack Henry & Associates and nCino.

Purchases and Sales

We purchased Bentley Systems, Duck Creek Technologies, HealthEquity, Lemonade, nCino and Vital Farms in the third quarter. Bentley Systems is a vertical software company serving the infrastructure markets. Bentley has been in business since 1984 and, over that time, has established deep domain expertise to best serve its client base. Duck Creek Technologies provides SaaS platform solutions for the property and casualty insurance industry. Its products include Duck Creek policy, billing, claims, insights, ratings, distribution management, digital engagement, reinsurance management, and Duck Creek industry content. Health Equity is the leader in employer health-care accounts. The company has leveraged its scale and strong reputation to establish its leadership position. The recent Wage Works acquisition should confer additional scale and data benefits. Lemonade is seeking to disrupt the consumer insurance market with differentiated technology and branding. We view the simplified sales and claims filing approach as very unique and expect the modern technology and reliance on data to drive down loss ratios. nCino offers a software solution for banks helping to modernize their front-end system, both for customer onboarding, account opening and loan originations. The modern architecture has gained strong success with large financial institutions and, once implemented, the switching costs are very high. Vital Farms is an ethical food company disrupting the U.S. food system. It has the leading brand of pasture raised eggs and butter and it is the second-largest U.S. egg brand.

We sold Carter's, Dynatrace, Guidewire, Interactive Brokers Group and Lennox. We sold Carter's because its retail presence is likely too large and dependent on international tourism to completely weather the downturn from COVID-19. The company will be more dependent on online sales which gave us reason for concern. While Dynatrace has seen solid demand for its solutions, competition has been steadily increasing and the switching costs between solutions is not as great as we had initially thought. Therefore, we sold our position in the quarter. We sold GuideWire as we believe competitor Duck Creek has more of a competitive edge in insurance software. We sold Interactive Brokers Group due to concerns regarding pricing pressure and its offering may not be differentiated enough from peers. We sold Lennox as the company's results were hit hard by COVID-19, particularly in terms of profitability from deleverage. We had concerns that prolonged weakness in the commercial office markets could have long-term effects for the company.

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: Growth
Index: Russell 2500™ Growth
Portfolio Inception: 2018
Portfolio Turnover: 25%–35%

Investment Management Team

Name	Years of research experience
Douglas S. Foreman, CFA Chief Investment Officer	34
Julie Biel, CFA Portfolio Manager + Senior Research Analyst	12
Todd Beiley, CFA Senior Research Analyst	21
Jon Christensen, CFA Senior Research Analyst	25
Julie Kutasov Senior Research Analyst	19
Craig Stone Senior Research Analyst	31
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 (%)
DocuSign	7.3
Five9	5.8
Silk Road Medical	5.2
MarketAxess Holdings	4.4
West Pharmaceutical Services	4.4
Total	27.2

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

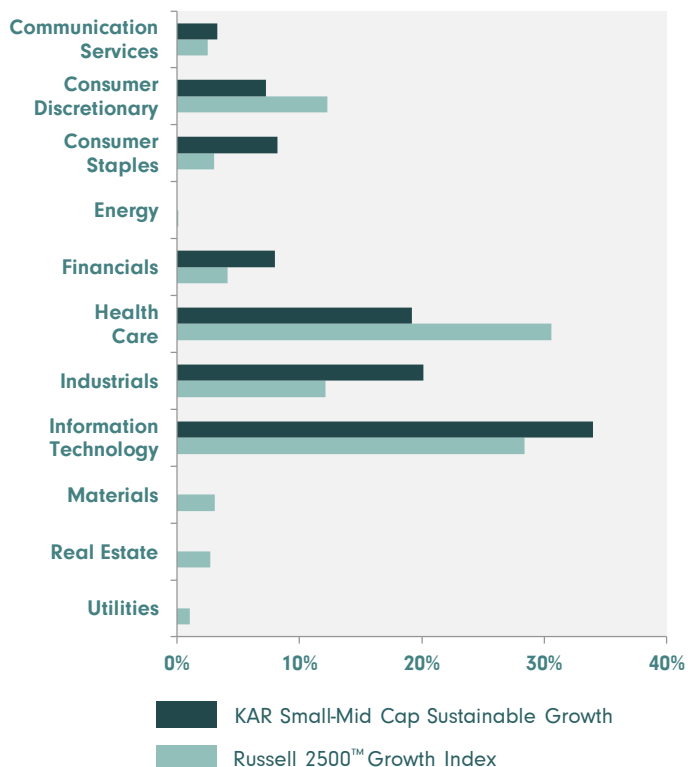
Higher Quality

Stronger, More Consistent Growth

Better Value

Sector Diversification

As of September 30, 2020



Portfolio Characteristics

As of September 30, 2020

	KAR Small-Mid Cap Sustainable Growth	Russell 2500™ Growth Index
Quality		
Return on Equity—Past 5 Years	17.8%	11.5%
Total Debt/EBITDA	5.8 x	6.1 x
Earnings Variability—Past 10 Years	20.6%	63.5%
Growth		
Earnings Per Share Growth—Past 10 Years	17.5%	10.2%
Capital Generation—{ROE x (1-Payout)}	16.2%	9.9%
Value		
P/E Ratio—Trailing 12 Months	79.5 x	725.7 x
Free Cash Flow Yield [†]	1.9%	1.8%
Market Characteristics		
\$ Weighted Average Market Cap.	\$14.1 B	\$6.2 B
Largest Market Cap	\$39.5 B	\$23.0 B

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.

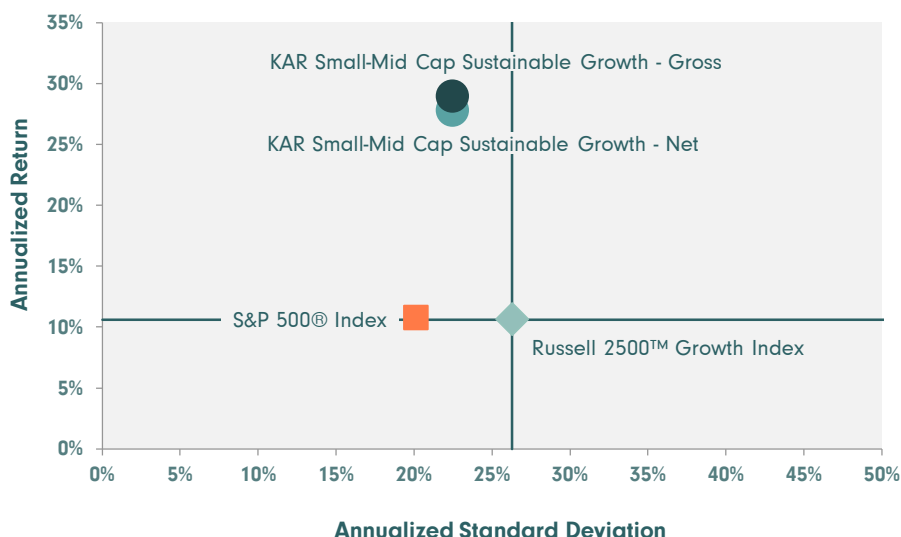
[†]Free cash flow data is as of June 30, 2020. Prices are as of September 30, 2020. Excludes financials. This material is deemed supplemental and complements the performance and disclosure at the end of this presentation. Data is obtained from FactSet Research Systems and BNY Mellon and is assumed to 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.**

Small-Mid Cap Sustainable Growth Portfolio

Third Quarter 2020

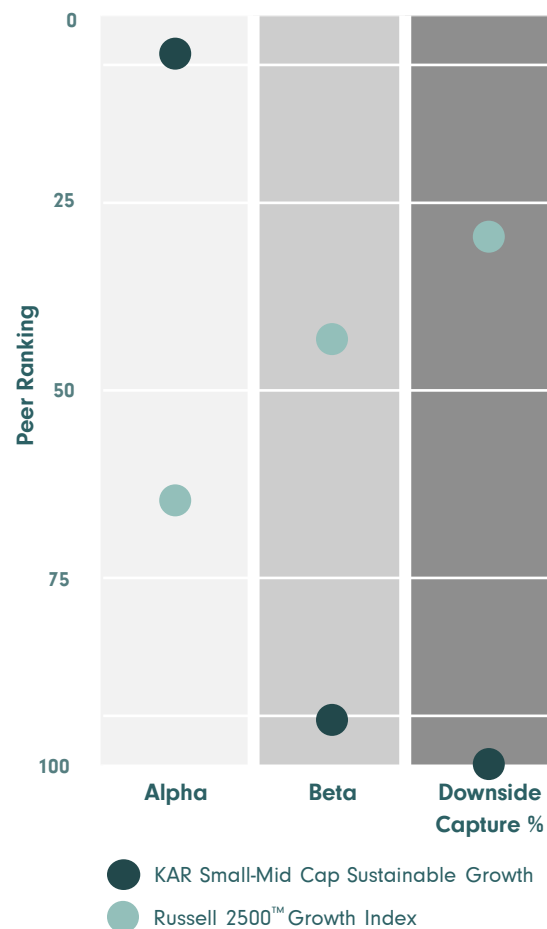
Strong Risk-Adjusted Returns

Inception* to September 30, 2020



Peer Comparison Chart

Inception* to September 30, 2020



Historical Returns

	KAR Small-Mid Cap Sustainable Growth (gross)	KAR Small-Mid Cap Sustainable Growth (net) [†]	Russell 2500™ Growth Index
Annualized Returns (%)[†]			
As of September 30, 2020			
3 rd Quarter	9.98	9.74	9.37
Year to Date	31.02	30.16	11.58
One Year	44.27	43.01	23.37
Inception*	28.91	27.77	10.62
Annual Returns (%)			
2019	46.11	44.84	32.65
2018 [§]	(9.44)	(9.79)	(15.93)

Performance Statistics

Inception* to September 30, 2020

	KAR Small-Mid Cap Sustainable Growth	Russell 2500™ Growth Index
Annualized Return	28.91	10.62
Annualized Standard Deviation	22.50	26.30
Alpha	18.08	0.00
Beta	0.81	1.00
Sharpe Ratio	1.23	0.35
R-Squared	90.49	100.00

*August 1, 2018

[†]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 five months ended December 31, 2018.

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 Growth Universe includes all managers categorized in the small-mid cap growth 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.**

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Third Quarter 2020

Disclosure

Year	Composite Gross Return (%)	Composite Net Return (%)	Russell 2500® Growth Index Return (%)	Composite 3-Yr Std Dev (%)	Benchmark 3-Yr Std Dev (%)	Number of Accounts	Internal Dispersion (%)	Composite Assets (\$ Millions)	Firm Assets (\$ Millions)
2018*	(9.44)	(9.79)	(15.93)	N/A	N/A	< 5	N/A	0.2	17,840
2019	46.11	44.84	32.65	N/A	N/A	< 5	N/A	0.3	25,685

*2018 performance numbers in this table reflect the composite inception date of August 1, 2018 through December 31, 2018. The Russell 2500™ Growth 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. The verification reports are available upon request.

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. Verification does not ensure the accuracy of any specific composite presentation.

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 is defined as all fully discretionary institutional and pooled Small-Mid Cap Sustainable Growth Portfolios. Small-Mid Cap

Sustainable Growth Portfolios are invested in equity securities with market capitalizations consistent with the Russell 2500™ Growth Index, that have market control, solid 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™ Growth Index. The Russell 2500™ Growth Index is a market capitalization-weighted index of growth-oriented stocks 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 August 2018. 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 100% of the composite assets at year-end from 2018 through 2019.

The standard fee schedule 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. Actual management fees charged

may vary depending on applicable fee schedules and portfolio size, among other things. Additional information may be found in Part IIA 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 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 or for time periods less than one 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 because 36 monthly composite returns are not available.