

## Global Small Cap Portfolio

Third Quarter 2021

### Portfolio Characteristics

As of September 30, 2021

	KAR Global Small Cap	MSCI® ACWI Small Cap Index
<b>Quality</b>		
Return on Equity—Past 5 Years	21.9%	10.6%
Total Debt/EBITDA	1.2 x	5.2 x
Interest Expense Coverage	11.4 x	6.3 x
<b>Growth</b>		
Earnings Per Share Growth—Past 5 Years	13.7%	8.5%
Earnings Per Share Growth—Past 10 Years	9.4%	7.3%
Dividend Per Share Growth—Past 5 Years	7.9%	4.4%
Dividend Per Share Growth—Past 10 Years	11.6%	7.4%
<b>Value</b>		
P/E Ratio—Trailing 12 Months	21.7 x	27.6 x
Dividend Yield	1.7%	1.6%
<b>Market Characteristics</b>		
\$ Weighted Average Market Cap—3-Year Avg.	\$4.2 B	\$3.4 B
Largest Market Cap—3-Year Avg.	\$16.4 B	\$18.8 B

### Peer Comparison Chart

Inception\* to September 30, 2021



### Portfolio Highlights

**Style:** Small Cap  
**Index:** MSCI® ACWI Small Cap Index  
**Portfolio Inception:** 2016  
**Portfolio Assets:** \$105.5 M  
**Portfolio Turnover:** 25%–35%  
**Number of Holdings:** 40–50

### Investment Philosophy

We believe that purchasing high-quality businesses with competitive protections at attractive valuations will achieve excess returns over a complete market cycle.

### Investment Objectives

- To achieve a return meaningfully above that of the MSCI® ACWI Small Cap Index
- To achieve this return objective with a portfolio that exhibits lower overall risk characteristics

### Investment Management Team

Name	Years of research experience
<b>Douglas S. Foreman, CFA</b> Chief Investment Officer	35
<b>Todd Bailey, CFA</b> Portfolio Manager + Senior Research Analyst	22
<b>Craig Thrasher, CFA</b> Portfolio Manager + Senior Research Analyst	17

### Top 5 Holdings

As of September 30, 2021

Company	Country	Percent of equity (%)
Headhunter Group	Russian Federation	5.9
Ryan Specialty Group Holdings	United States	5.2
Rightmove	United Kingdom	4.4
Auto Trader	United Kingdom	4.0
First Hawaiian	United States	3.2
<b>Total</b>		<b>22.7</b>

### U.S. vs. Non-U.S.

As of September 30, 2021

	Percent of equity (%)
U.S.	32.8
Non-U.S.	67.2
<b>Total</b>	<b>100.0</b>

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 and weightings are based on a representative portfolio. Individual Investors' holdings may differ slightly. Data is obtained by 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, and is assumed to be reliable. Numbers may not always add up due to rounding. **Past performance is no guarantee of future results.**

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## Historical Returns

	KAR Global Small Cap (gross)	KAR Global Small Cap (net) <sup>‡</sup>	MSCI <sup>®</sup> ACWI Small Cap Index
<b>Annualized Returns (%)<sup>†</sup></b>			
As of September 30, 2021			
3 <sup>rd</sup> Quarter	(1.12)	(1.37)	(1.52)
Year to Date	7.06	6.27	13.68
One Year	31.92	30.64	40.61
Three Years	18.13	16.96	11.12
Five Years	22.71	21.51	12.20
Inception*	22.84	21.63	12.31
<b>Annual Returns (%)</b>			
2020	36.18	34.85	16.33
2019	26.40	25.17	24.65
2018	3.16	2.13	(14.39)
2017	37.08	35.75	23.81
2016	25.21	23.99	11.59

\*January 1, 2016

<sup>†</sup>All periods less than one year are total returns and are not annualized. Returns are preliminary.

<sup>‡</sup>Net of all fees and expenses. Assumes a 1% annual fee.

<sup>§</sup>Performance statistics are based on gross of fee returns.

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. Returns could be reduced, or losses incurred, due to currency fluctuations. For further details on the composite, please see the disclosure statement in this presentation. The ACWI World Small Cap Universe includes all managers categorized in the ACWI World small cap 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.**

## Disclosure

Year	Composite Gross Return (%)	Composite Net Return (%)	MSCI <sup>®</sup> ACWI Small Cap Index (net) Return (%)	Composite 3-Yr Std Dev (%)	Benchmark 3-Yr Std Dev (%)	Number of Accounts	Internal Dispersion (%)	Composite Assets (\$ Millions)	Firm Assets (\$ Millions)
2016	25.21	23.99	11.59	N/A	N/A	< 5	N/A	4	9,989
2017	37.08	35.75	23.81	N/A	N/A	< 5	N/A	5	14,609
2018	3.16	2.13	(14.39)	11.83	12.49	< 5	N/A	5	17,840
2019	26.40	25.17	24.65	11.82	12.77	< 5	N/A	3	25,685

The MSCI<sup>®</sup> ACWI Small Cap Index is a trademark/service mark of MSCI<sup>®</sup>. MSCI<sup>®</sup> is a trademark of MSCI Inc.

KAR (as defined below) claims compliance with the Global Investment Performance Standards (GIPS<sup>®</sup>) and has prepared and presented this report in compliance with the GIPS<sup>®</sup> 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<sup>®</sup> 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<sup>®</sup> standards. The Global Small Cap Composite has been examined for the period from January 1, 2016 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 Global Small Cap Portfolios. Global Small

Cap Portfolios are invested in equity securities with market capitalizations in line with the MSCI<sup>®</sup> ACWI Small Cap 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 MSCI<sup>®</sup> ACWI Small Cap Index (net). The MSCI<sup>®</sup> ACWI Small Cap Index is a market capitalization-weighted index of small-capitalization stocks of the MSCI<sup>®</sup> Global Investable Market Indices Universe. The index is calculated on a total-return basis with dividends reinvested, net of withholding taxes. Benchmark returns are not covered by the report of the independent verifiers. The composite was created in January 2016. 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 2016 through 2019.

The standard management fee schedule currently in effect is as follows: 1.00% for the first \$25 million; 0.85% on the next \$25 million; 0.80% on the balance. Actual management fees charged may vary depending on applicable fee schedules and portfolio size, among other things. Additional information may

## Performance Statistics

Inception\* to September 30, 2021

	KAR Global Small Cap <sup>§</sup>	MSCI <sup>®</sup> ACWI Small Cap Index
Alpha	10.82	0.00
Beta	0.88	1.00
Sharpe Ratio	1.32	0.64
Information Ratio	1.74	N/A
Upside Capture %	114.50	100.00
Downside Capture %	69.06	100.00