

Mid Cap Sustainable Growth Portfolio

Third Quarter 2021

Portfolio Overview

The Mid Cap Sustainable Growth portfolio outperformed the Russell Midcap Growth Index in the third quarter. Good stock selection and an overweight in information technology and good stock selection and an underweight in communication services contributed positively to performance. Poor stock selection and an underweight in health care and poor stock selection in industrials detracted from performance.

The biggest contributors to performance during the quarter were Bill.com and Paycom Software. In June of this year Bill.com acquired a provider of software for expense and budget management targeted primarily at small and mid-size businesses. With strong growth and gross margins, the software provider looked like an attractive business that would unlock cross-sell opportunities as well as revenue synergies from a more comprehensive back-office offering. In the most recent quarter, Bill.com unveiled its first guidance that included its acquisition and it was above Street consensus, which led to a meaningful increase in the stock's price. Paycom Software prices its product on a per-employee basis so the reduction in payrolls over the last 18 months had a significant impact on the company. Paycom responded by increased marketing to customers with between 2,000 to 10,000 employees. The company also continued to innovate with new products that allow employees to process their own payroll. This quarter, new clients and effective cross-selling more than offset lower employment numbers, helping the company re-accelerate growth to the fastest pace since 2016. Other top contributors included Datadog, MercadoLibre, and Gartner.

The biggest detractors from the portfolio during the quarter were Fair Isaac and HealthEquity. Regulators are encouraging de-emphasizing FICO to expand access to credit (53 million individuals do not have FICO scores in the United States). Fannie Mae and Freddie Mac, both mortgage lenders, also are considering allowing lenders to use other scores on mortgage applications. Given how inexpensive and ingrained FICO scores are to the lending process, we remain comfortable with our position even though the company faces some challenges over the next few quarters with higher mortgage financing and refinancing costs perhaps reducing FICO score pulls. HealthEquity made a move to acquire a Consumer-Directed Benefits company, which gives HealthEquity additional products to bundle for its smaller enterprise customers. The acquisition came at a challenging time, as the pandemic pushed commuter accounts down by half while the company was still recovering from the decline in high-margin custodial revenue related to falling interest rates. HealthEquity continued to consolidate a relatively fragmented industry with another acquisition of a large HSA custodian, which has a multi-year partnership with a major insurance provider. Other bottom contributors included Wynn Resorts, Teradyne, and Trip.com.

Outlook

We believe the two most important variables affecting equity markets are interest rates and corporate profitability. The Federal Reserve will start tapering their purchases of bonds next month, but this has been well telegraphed to investors. Relatively benign interest rates and strong corporate profitability are a prescription for rising equity prices over time. However, we believe investors should expect a more selective market going forward and more muted equity returns. It is more likely that we will continue to grow but at a more moderate and sustainable pace. We believe this should be an environment where stocks of high-quality businesses can perform well.

Purchases and Sales

New Purchases	Complete Sales
Celsius	Kansas City Southern
Definitive Healthcare	New Oriental Education & Technology Group
Global-E Online	Teledoc Health
STAAR Surgical	Trip.com
	Wynn Resorts



Portfolio Highlights

Style: Mid Cap
Sub-Style: Growth
Index: Russell Midcap® Growth
Portfolio Assets: \$3,671.2 M
Portfolio Turnover: 25%–35%

Investment Management Team

Name	Years of research experience
Douglas S. Foreman, CFA Chief Investment Officer + Portfolio Manager	35
Chris Armbruster, CFA Portfolio Manager + Senior Research Analyst	16
Richard Sherry, CFA Senior Research Analyst	23
Noran Eid Research Analyst	8

Top Five Holdings

As of September 30, 2021

Company	Percent of equity (%)
Bill.com	7.0
MercadoLibre	6.2
Paycom Software	4.3
Avalara	4.0
DocuSign	4.0
Total	25.4

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
Qualitative Methods <ul style="list-style-type: none"> Investment conferences Meetings with companies Industry reviews Research on existing portfolio holdings Third-party research Quantitative Screens <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 	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 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 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% 	Negative Company or Industry Changes Portfolio Upgrade Acquisition Activity Extended Valuation
Higher Quality		Stronger, More Consistent Growth	

Portfolio Characteristics

As of September 30, 2021

	KAR Mid Cap Sustainable Growth	Russell Midcap® Growth Index
Quality		
Return on Equity—Past 5 Years	22.6%	18.9%
Total Debt/EBITDA	3.9 x	4.9 x
Earnings Variability—Past 10 Years	41.6%	56.3%
Growth		
Sales Per Share Growth—Past 5 Years	19.8%	13.4%
Earnings Per Share Growth—Past 5 Years	22.1%	20.0%
Earnings Per Share Growth—Past 10 Years	16.7%	13.2%
Value		
P/E Ratio—Trailing 12 Months	126.2 x	87.9 x
P/E Ratio—1 Year Forecast FY EPS	41.6 x	30.1 x
Free Cash Flow Yield*	1.4%	2.2%
Market Characteristics		
\$ Weighted Average Market Cap	\$30.2 B	\$27.7 B
Largest Market Cap	\$110.5 B	\$69.6 B

*Free cash flow data is as of June 30, 2021. Prices are as of September 30, 2021. Excludes financials.

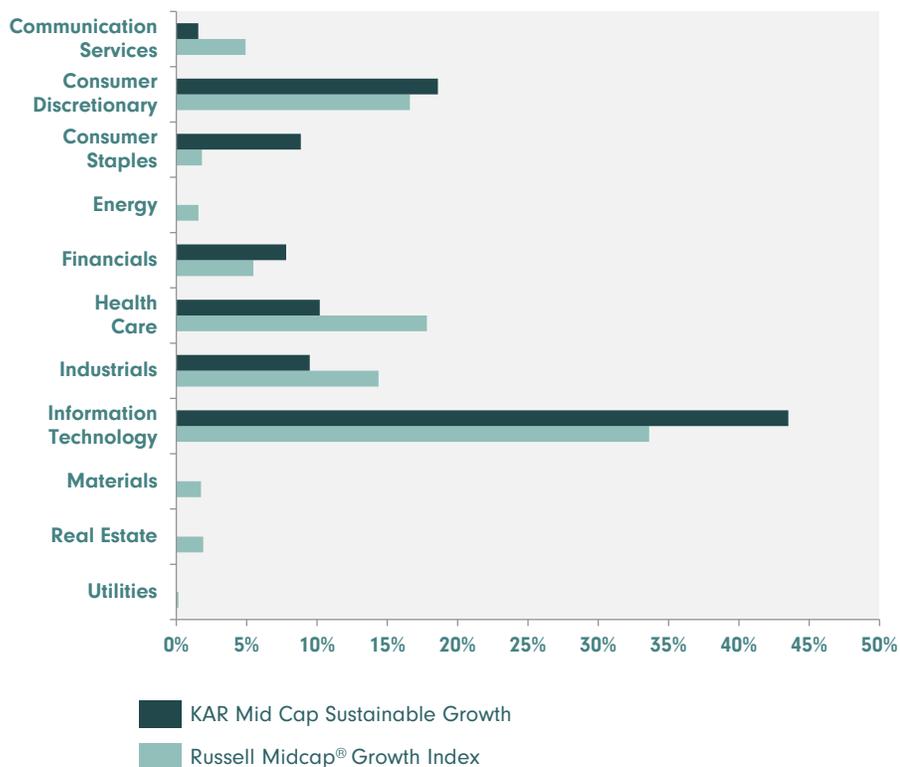
Data is obtained from FactSet Research Systems and BNY Mellon and is assumed to be reliable. Other principal consultant firms may use different algorithms to calculate selected statistics. Estimates are based on certain assumptions and historical information. **Past performance is no guarantee of future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

Mid Cap Sustainable Growth Portfolio

Third Quarter 2021

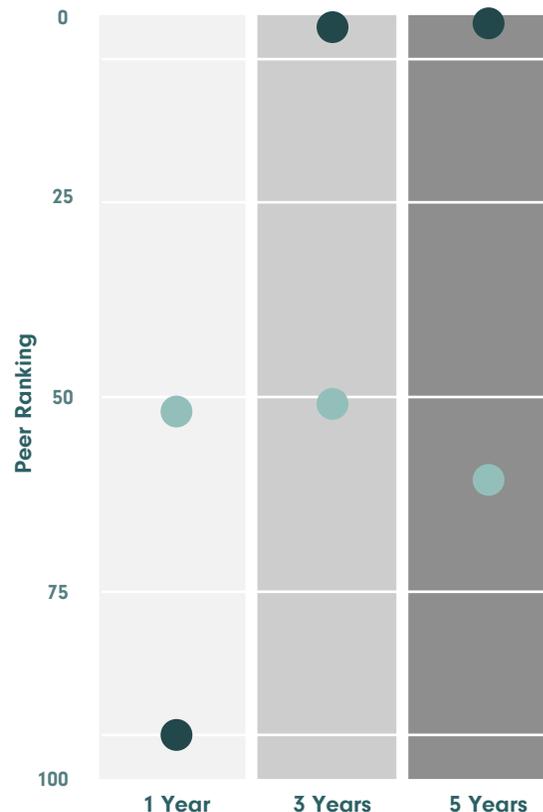
Sector Diversification

As of September 30, 2021



Peer Comparison Chart

Annualized Gross Returns Ending September 30, 2021



Historical Returns

	KAR Mid Cap Sustainable Growth (gross)	KAR Mid Cap Sustainable Growth (net) [†]	Russell Midcap Growth Index
Annualized Returns (%)[†]			
As of September 30, 2021			
3 rd Quarter	2.52	2.32	(0.76)
Year to Date	5.80	5.17	9.60
One Year	24.59	23.62	30.45
Three Years	29.06	28.05	19.14
Five Years	29.32	28.31	19.27
Seven Years	23.19	22.23	15.39
Inception*	20.45	19.50	16.75
Annual Returns (%)			
2020	67.52	66.24	35.59
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

● KAR Mid Cap Sustainable Growth
● Russell Midcap Growth Index

Performance Statistics

Inception* to September 30, 2021

	KAR Mid Cap Sustainable Growth [§]	Russell Midcap Growth Index
Annualized Standard Deviation	16.40	15.15
Alpha	3.49	0.00
Beta	1.00	1.00
Sharpe Ratio	1.21	1.07
R-Squared	84.63	100.00

*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.

[§]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 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.**

Mid Cap Sustainable Growth Portfolio

Third Quarter 2021

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.