

## Emerging Markets Small Cap Portfolio

Third Quarter 2022

### Market Review

Emerging market small cap equities once again generated negative returns during the third quarter with the MSCI Emerging Markets Small Cap Index down 5.25% for the quarter. Most of the market decline, however, was currency depreciation against the U.S. dollar. Poland was one of the weakest markets as the war in Ukraine escalated with Russia's annexation of the Donbas region. China also underperformed, after rallying in June, as the property market weighed on investor sentiment and COVID lockdowns continued to weigh on the Chinese economy. Conversely, Turkey was the best performing market, despite inflation of over 80%, as the central bank cut interest rates and the economy continues to grow strongly. Brazil also performed strongly supported by easing inflation and economic growth. The first round of presidential elections in Brazil showed a narrow margin between the two leading candidates, an outcome that is believed to lead to less radical policies. Energy was the best performing sector while information technology, real estate, and health care were worst performers.

### Portfolio Review

The Emerging Markets Small Cap portfolio outperformed the MSCI Emerging Markets Small Cap Index during the third quarter. Many of our portfolio companies held up better than the market during the quarter, and our overweight position in Brazil also helped. Our portfolio was hurt by our underweight position in India, one of the best performing markets during the quarter, and by our overweight position in Poland, although two of our three portfolio companies held up better than the Polish market.

Stocks that contributed the most to the portfolio during the quarter were Tegma Gestao Logistica and Sporton International. Tegma Gestao Logistica is a Brazil-based logistics company that handles close to 30% of all newly built vehicle transportation throughout the country. Tegma materially outperformed the overall Brazilian market due in part to the company's depressed valuation going into the quarter. Also, signs of a gradual recovery in the industry served as a catalyst for investors to feel more positive about the company's near-term prospects. The semiconductor chip shortage is also slowly improving, local production by original equipment manufacturers has resumed, and auto credit conditions in Brazil have also improved. Going forward, we will continue to monitor the supply side which is not fully back to normal and the demand side which has weakened somewhat as higher interest rates and inflation have hurt the affordability of vehicles. Sporton International is a Taiwan-based provider of global testing, inspection, and certification ("TIC") services for manufacturers of mid-to-high end consumer wireless devices. The company continues to benefit from the 5G adoption cycle as new 5G-enabled consumer and networking product launches require more in-depth TIC services which, on average, achieve higher pricing than prior wireless generations. With this backdrop, the company reported another quarter of substantive year-over-year revenue growth as well as continued margin expansion. In our opinion, the share price performance reflects investors anticipating a longer growth cycle than that which was achieved by Sporton during the 4G era. Other stocks that contributed positively to performance included Union Auction Public, TOTVS, and Vasta Platform.

Stocks that detracted the most during the quarter were Grupa Pracuj and SaraminHR. Grupa Pracuj is the leading online job portal in Poland with over 60% market share. Online job board businesses can be cyclical as the business relies on healthy corporate hiring. Hiring demand has been strong so far (since the pandemic), but given the challenging European macroeconomic backdrop, investors fear near-term future earnings may be weak. SaraminHR is the leading online job portal operating in South Korea. Having the same business model as Grupa Pracuj, SaraminHR underperformed for similar reasons with investor focus on the next 12 months earnings. Hiring demand has been strong in Korea for the past year and a half, but expectations for job posting demand in the coming year has been weakening given the slowing global (as well as local) economy. Other stocks that detracted from performance were Wirtualna Polska, Haitian International, and Autohome.

### Purchases and Sales

New Purchases	Complete Sales
Allegro	Marek
Haitian International	Taiwan Secom
PT Dayamitra Telekomunikasi	Voltronic Power
Wizz Air	

### Portfolio Highlights

**Style:** Small Cap  
**Index:** MSCI® Emerging Markets Small Cap Index  
**Portfolio Turnover:** 25%-35%  
**Number of Holdings:** 30-60

### 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® Emerging Markets 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	36
<b>Hyung Kim</b> Portfolio Manager + Senior Research Analyst	18
<b>Craig Thrasher, CFA</b> Portfolio Manager + Senior Research Analyst	18
<b>Ekaterina Advena</b> Research Analyst	13
<b>David Forward</b> Research Analyst	8
<b>Sean Pompa, CFA</b> Research Analyst	7

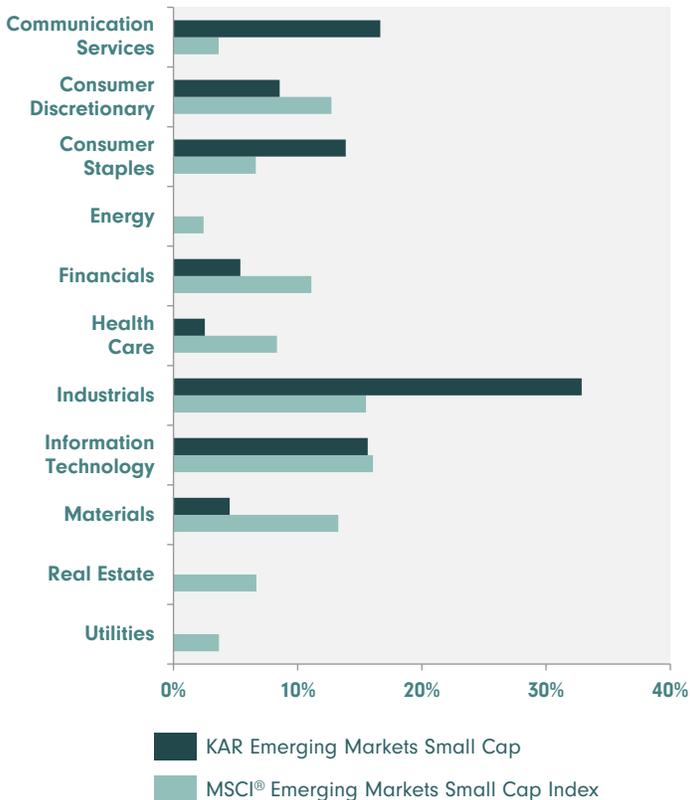
*This report is based on the assumptions and analysis made and believed to be reasonable by Advisor. However, no assurance can be given that Advisor's opinions or expectations will be correct. This report is intended for informational purposes only and should be not considered a recommendation or solicitation to purchase securities. Past performance is no guarantee of future results.*

## Investment Process: Discovering Quality

Development of KAR High-Quality Universe	Proprietary Fundamental Research	Portfolio Construction	Sell Discipline
<p><b>Quantitative Screens</b></p> <ul style="list-style-type: none"> <li>High return on capital over a full economic cycle</li> <li>Long and resilient earnings history</li> <li>High return on net operating assets</li> <li>Minimal debt</li> </ul> <p><b>Other Resources</b></p> <ul style="list-style-type: none"> <li>Research on existing portfolio holdings</li> <li>Meetings with companies</li> <li>Industry reviews</li> <li>Investment conferences</li> <li>Third-party research</li> </ul>	<p><b>Qualitative Analysis</b></p> <ul style="list-style-type: none"> <li>Evaluate sustainability of business model and assess management's ability to direct capital where it can create further control of its market</li> </ul> <p><b>Financial Analysis</b></p> <ul style="list-style-type: none"> <li>Evaluate basis for profitability, long-term growth potential, and ability to allocate capital appropriately</li> </ul> <p><b>Valuation Analysis</b></p> <ul style="list-style-type: none"> <li>Determine the current and potential value of the business</li> </ul>	<p><b>Position Weights</b></p> <ul style="list-style-type: none"> <li>Maximum initial position size is 5% (at cost)</li> <li>Maximum position size is 10% (at market)</li> </ul> <p><b>Sector and Geographic Tolerances</b></p> <ul style="list-style-type: none"> <li>Seek broad diversification, but no sector constraints</li> </ul> <p><b>Holding Period</b></p> <ul style="list-style-type: none"> <li>Typically 3-to-5 years</li> <li>Portfolio turnover is typically 25% to 35%</li> </ul> <p><b>Cash Levels</b></p> <ul style="list-style-type: none"> <li>Typically will not exceed 10% once a portfolio is fully invested; review by CIO triggered if over 10%</li> </ul>	<p><b>Extended Valuation</b></p> <p><b>Portfolio Upgrade</b></p> <p><b>Acquisition Activity</b></p> <p><b>Negative Company or Industry Changes</b></p>
<b>Higher Quality   Stronger, More Consistent Growth   Better Value</b>			

## Sector Diversification

As of September 30, 2022



## Portfolio Characteristics

As of September 30, 2022

	KAR Emerging Markets Small Cap	MSCI® Emerging Markets Small Cap Index
<b>Quality</b>		
Return on Equity—Past 5 Years	19.6%	12.4%
Total Debt/EBITDA	0.8 x	4.6 x
<b>Growth</b>		
Earnings Per Share Growth—Past 5 Years	12.7%	10.7%
Earnings Per Share Growth—Past 10 Years	9.9%	8.0%
Dividend Per Share Growth—Past 5 Years	13.7%	10.6%
Dividend Per Share Growth—Past 10 Years	10.5%	7.5%
<b>Value</b>		
P/E Ratio—Trailing 12 Months	15.9 x	13.2 x
Dividend Yield	2.9%	3.4%
<b>Market Characteristics</b>		
\$ Weighted Average Market Cap	\$2.3 B	\$1.6 B

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.

Data is obtained from 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.** Returns could be reduced, or losses incurred, due to currency fluctuations.

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Third Quarter 2022

## Top 10 Holdings

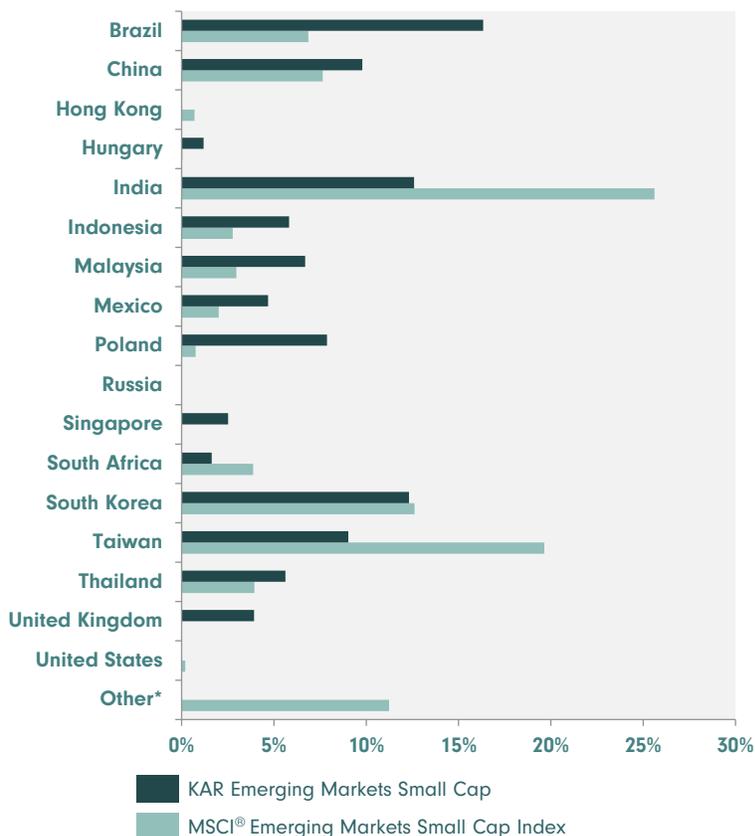
As of September 30, 2022

Company	Country	Percent of equity (%)
Tegma Gestao Logistica	Brazil	6.2
Boa Vista Servicos	Brazil	4.4
Anhui Gujing Distillery	China	4.2
Oracle Financial Services Software	India	4.0
Baltic Classifieds	United Kingdom	3.9
Union Auction Public	Thailand	3.9
Computer Age Management Services	India	3.8
Grupa Pracuj spolka akcyjna	Poland	3.5
Heineken Malaysia	Malaysia	3.5
Sporton International	Taiwan	3.4
<b>Total</b>		<b>40.9</b>

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## Country Exposure

As of September 30, 2022



## Historical Returns

	KAR Emerging Markets Small Cap (gross)	KAR Emerging Markets Small Cap (net) <sup>§</sup>	MSCI <sup>®</sup> Emerging Markets Small Cap Index
<b>Annualized Returns (%)<sup>†</sup></b>			
As of September 30, 2022			
3 <sup>rd</sup> Quarter	(4.29)	(4.52)	(5.25)
Year to Date	(27.32)	(27.86)	(24.23)
One Year	(29.42)	(30.11)	(23.23)
Three Years	3.57	2.59	5.54
Five Years	5.14	4.15	1.25
Seven Years	9.79	8.76	4.68
Inception <sup>†</sup>	5.68	4.69	2.63
<b>Annual Returns (%)</b>			
2021	0.94	(0.01)	18.75
2020	41.31	40.01	19.29
2019	20.18	19.06	11.50
2018	(3.85)	(4.77)	(18.59)
2017	33.20	31.97	33.84
2016	18.45	17.34	2.28
2015	(16.02)	(16.83)	(6.85)
2014	2.20	1.23	1.01

\*"Other" is comprised of securities held in countries within the benchmark which are not held in our representative portfolio. The countries include Chile, Colombia, Czech Republic, Egypt, Greece, Kuwait, Peru, Philippines, Qatar, Saudi Arabia, Spain, Turkey and United Arab Emirates.

<sup>†</sup>January 1, 2014

<sup>§</sup>All periods less than one year are total returns and are not annualized. Returns are preliminary. Returns could be reduced, or losses incurred, due to currency fluctuations.

<sup>§</sup>Net of all fees and expenses. Assumes a 1% annual fee. Fees presented on the Disclosure page could vary from the assumed fee in the net-of-fee calculation, as actual fees paid by a particular client account differ depending on a variety of factors including, but not limited to, business unit and size of mandate. The fee used on the Disclosure page utilizes an assumed maximum fee across the firm's business units, which is further detailed on that page.

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. 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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### Disclosure

Year	Composite Gross Return (%)	Composite Net Return (%)	MSCI® Emerging Markets Small Cap Index (net) Annual Return (%)	Composite 3-Yr Std Dev (%)	Benchmark 3-Yr Std Dev (%)	Number of Accounts	Internal Dispersion (%)	Composite Assets (\$ Millions)	Firm Assets (\$ Millions)
2014	2.20	0.98	1.01	N/A	N/A	< 5	N/A	5	7,989
2015	(16.02)	(17.04)	(6.85)	N/A	N/A	< 5	N/A	4	8,095
2016	18.45	17.05	2.28	15.00	14.54	< 5	N/A	5	9,989
2017	33.20	31.64	33.84	14.07	14.57	< 5	N/A	14	14,609
2018	(3.85)	(5.00)	(18.59)	12.06	14.21	< 5	N/A	70	17,840
2019	20.18	18.76	11.50	10.76	13.16	< 5	N/A	129	25,685
2020	41.31	39.67	19.29	18.84	23.78	< 5	N/A	591	39,582

The MSCI® Emerging Markets Small Cap Index is a trademark/service mark of MSCI®. MSCI® is a trademark of MSCI Inc.

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, 2020.

A firm that claims compliance with the GIPS standards must establish policies and procedures for complying with all the applicable requirements of the GIPS standards. Verification provides assurance on whether the firm's policies and procedures related to composite, as well as the calculation, presentation, and distribution of performance, have been designed in compliance with the GIPS standards and have been implemented on a firm-wide basis. The Emerging Markets Small Cap Composite has had a performance examination for the period from January 1, 2014 through December 31, 2020. The verification and performance examination reports are available upon request.

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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 Emerging Markets Small Cap Portfolios. Emerging Markets Small Cap Portfolios are invested in equity securities with market capitalizations in line with the MSCI® Emerging Markets 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® Emerging Markets Small Cap Index (net). The MSCI® Emerging Markets Small Cap Index is a market capitalization-weighted index of small-capitalization stocks from countries defined as Emerging Markets in the MSCI® Global Investable Market Indices Universe, excluding U.S. companies. 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 inception date of the composite is January 2014. The composite was created in January 2014. Policies for valuing investments, calculating performance, and preparing GIPS Reports are available upon request. The firm's list of composite descriptions, list of broad distribution pooled fund and the list of limited distribution pooled funds descriptions are available upon request.

The standard management fee schedule currently in effect is 1.20% 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 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 2016 because 36 monthly composite returns are not available.

#### GLOSSARY

Alpha: A risk-adjusted measure of an investment's excess return relative to a benchmark. Beta: A quantitative measure of the volatility, or systematic risk, of a security or a portfolio in comparison to the market as a whole. R2: A measure that represents the percentage of a fund or security's movements that can be explained by movements in a benchmark index. Sharpe Ratio: A risk-adjusted measure calculated using standard deviation and excess return to determine reward per unit of risk. Standard Deviation: Measures variability of returns around the average return for an investment portfolio. Higher standard deviation suggests greater risk.

#### INDEX DEFINITION

The MSCI® Emerging Markets Small Cap Index is a free float-adjusted market capitalization-weighted index designed to measure small cap equity market performance in the global emerging markets. The index is calculated on a total return basis with net dividends reinvested. The index is unmanaged, its returns do not reflect any fees, expenses, or sales charges, and is not available for direct investment.