

Small-Mid Cap Growth Portfolio

Third Quarter 2024

Portfolio Review

The Small-Mid Cap Growth portfolio outperformed the Russell 2500 Growth Index in the third quarter. Positive stock selection and an overweight in industrials and positive stock selection in information technology contributed positively to performance. Negative stock selection in health care and consumer staples detracted from performance in the quarter.

The biggest contributors to performance during the quarter were Fair Isaac and Clearwater Analytics. Fair Isaac outperformed in the quarter due to continued strength in its high-margin Scores business driven by price increases combined with expectations that the lending environment will improve as the Federal Reserve lowered interest rates at its most recent meeting. Clearwater Analytics reported a quarter of continued revenue growth and profit margin improvement, maintaining its differentiation from incumbent investment accounting solutions. Other top contributors included TransUnion, HEICO, and Ryan Specialty.

The biggest detractors from performance during the quarter were Lamb Weston and Celsius Holdings. Lamb Weston experienced greater-than-expected ERP implementation disruption that impacted its visibility of finished goods inventories across its distribution network, negatively affecting its ability to process orders and service demand. As a result, customers were forced to procure frozen potatoes from competitors, which resulted in material share loss that could take time to win back. While Celsius continues to show strong share growth and distribution expansion, its growth is not as high as it had been previously, leading to a material share price correction. Other bottom contributors included West Pharmaceutical Services, Certara, and Saia.

Purchases and Sales

During the quarter, we initiated positions in AAON, Celsius Holdings, LeMaitre, and POOLCORP. AAON sells premium commercial air-conditioning and heating equipment, specializing in semi-custom and fully custom equipment, such as packaged rooftop units, air-handlers, condensing units, datacenter cooling solutions, cleanroom systems, and heat pumps. Celsius Holdings sells energy drinks primarily in the U.S. The company has built a unique brand in the energy space with a more health-centric product focus and a large share of energy drinkers who are women. LeMaitre primarily sells products for the vascular surgeon. The company focuses on small niche markets where it can establish a market leading position. POOLCORP is the world's largest wholesale distributor of swimming pool supplies, equipment, and related leisure products, with approximately 120,000+ customers around the world.

We sold our positions in Atrion, Azenta, Five9, Lamb Weston (discussed above), and SiteOne Landscape Supply. While Atrion has a strong competitive position in its end markets, the company suffered from the whipsaw of health-care supply chains, whereby customers double ordered key supplies and then pulled their spend back dramatically in recent periods. On May 28, 2024, Atrion agreed to be acquired. The stock rallied on hopes for improved product sales so we exited our position following the approval of the transaction. Our initial investment in Azenta was principally based on its cold-storage business, which was highly specialized. While their cold storage unit sales have been strong and their outsourced storage revenues have been stable and growing, an unfortunate purchase in a company has had a materially negative impact on the financial results and predictability of the business. We were skeptical of how this cold storage company exclusively serving emerging markets fits into the long-term strategy and competitive protections of Azenta. Without that visibility and a still somewhat high valuation, we exited our position. Five9 benefited from competitive exits beginning in 2016 and was a clear beneficiary of COVID and remote work, where its cloud offering resonated for enterprise customers. Over time however, the competitive landscape has become increasingly challenging, with new entrants gaining share, as well as older incumbents introducing more modern software architectures to compete. We exited our position as a result of the deterioration in the quality of the competitive position. Our initial investment case for SiteOne Landscape Supply was the company's potential to consolidate the highly fragmented market of landscape supply. The company is four times larger than its nearest competitor. While the company has felt a large headwind from deflationary forces, our larger concern was the recent Home Depot acquisition of a private-equity owned competitor. While the competitive overlap is modest, this competitor has been more aggressive on price. With Home Depot's sizable scale, it could continue to pressure price. With these changes in the competitive landscape and some erosion in profitability, we exited our position.

Outlook

We believe investors should avoid getting too excited about what impact the initial cut in rates will have on the broader economy. The Federal Reserve's 50-basis point rate cut started a descent back to a more normal interest rate level. After the steep increases of the recent past, our current expectation is a gradual decline of rates to a plateau that will likely be 200-300 basis points above our former "normal." While we see many positive signs for the economy, such as a still-healthy labor market, strong consumer demand, and increased investment in infrastructure and manufacturing capacity, we also see some headwinds. The current level of deficit spending is more consistent with unemployment in the 7% to 10% range, not the 4% levels we enjoy today. Companies' pricing power also appears to be weakening as consumers push back against price increases, which could challenge profit margins. Bottom line: we believe there is reason for cautious optimism, but we do not think all companies will benefit equally if we do achieve that soft landing.

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Portfolio Highlights

Style: Small-Mid Cap
Sub-Style: Growth
Index: Russell 2500™ Growth
Portfolio Inception: 2018
Portfolio Assets: \$712.5 M*
Portfolio Turnover: 25%–35%

Investment Management Team

Name	Research Start Date
Julie Biel, CFA Portfolio Manager + Senior Research Analyst	2004
Chris Wright, CFA Portfolio Manager + Senior Research Analyst	2012
Todd Beiley, CFA Senior Research Analyst	1999
Jon Christensen, CFA Senior Research Analyst	1995
Julie Kutsov Senior Research Analyst	2001
Craig Stone Senior Research Analyst	1990
Adam Xiao, CFA Senior Research Analyst	2013
Tyler Cantarano Research Analyst	2017
Sean Dixon Research Analyst	2008
Luke Longinotti, CFA ESG Research Analyst	2020
Arthur Su, CFA Research Analyst	2015
Clarissa Ali Associate Research Analyst	2023

Top Five Holdings

As of September 30, 2024

Company	Percent of equity (%)
Fair Isaac	8.3
Ryan Specialty	6.6
HEICO	6.1
Tyler Technologies	4.9
Bentley Systems	4.2
Total	30.2

* Figures in USD

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. 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 KAR 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 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

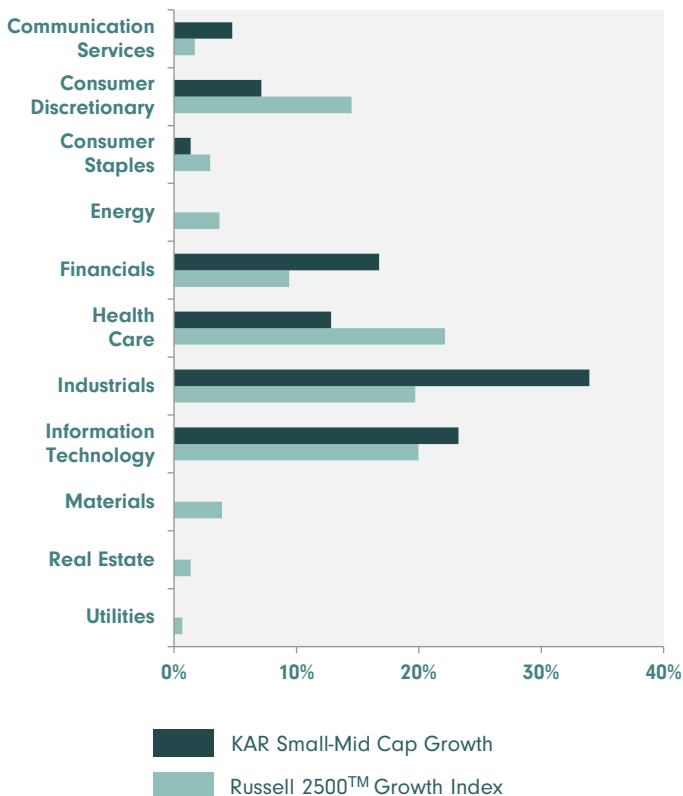
Seeking Higher Quality

Seeking Stronger, More Consistent Growth

Seeking Better Value

Sector Diversification

As of September 30, 2024



Portfolio Characteristics

As of September 30, 2024

	KAR Small-Mid Cap Growth	Russell 2500™ Growth Index
Quality		
Return on Equity—Past 5 Years	18.8%	12.8%
Debt/EBITDA*	1.2 x	1.5 x
Earnings Variability—Past 10 Years	44.8%	75.8%
Growth		
Earnings Per Share Growth—Past 10 Years	13.6%	13.8%
Capital Generation—{ROE x (1-Payout)}	15.5%	11.2%
Value		
P/E Ratio—Trailing 12 Months	59.4 x	90.0 x
Free Cash Flow Yield†	2.1%	2.0%
Market Characteristics		
\$ Weighted Average Market Cap.	\$17.6 B	\$6.9 B
Largest Market Cap	\$47.7 B	\$36.5 B

*KAR utilizes the interquartile method when calculating Debt/EBITDA. The interquartile method excludes outliers from an aggregate statistic such as weighted average. The interquartile method does not assume that data from the top or bottom of the distribution are outliers—only the extreme ends are excluded—and that it can be applied consistently as a quantitative method for most fundamental characteristics. Debt/EBITDA utilizes net debt for the calculation.

†Free cash flow data is as of June 30, 2024. Prices are as of September 30, 2024. 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.**

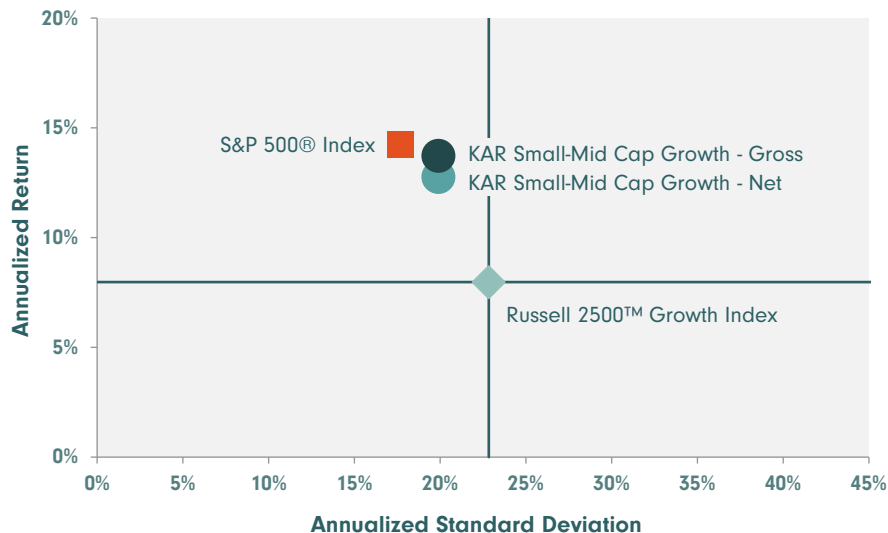
Holdings are subject to change. Holdings and weightings are based on a representative portfolio. Individual Investors' holdings may differ slightly. The sector information represented above is based on GICS sector classifications. Data is obtained by FactSet Research Systems and is assumed to be reliable.

Small-Mid Cap Growth Portfolio

Third Quarter 2024

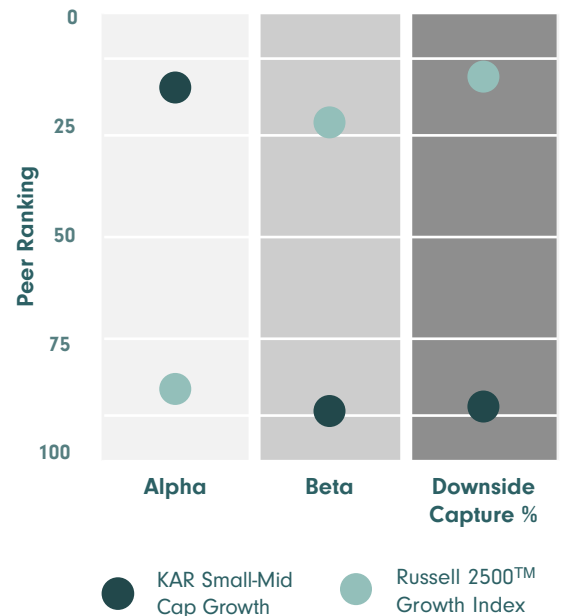
Risk-Return Analysis

Inception* to September 30, 2024



Peer Comparison Chart

Inception* to September 30, 2024



Historical Returns

	KAR Small-Mid Cap Growth (gross)	KAR Small-Mid Cap Growth (net) [†]	Russell 2500™ Growth Index
Annualized Returns (%)[†]			
As of September 30, 2024			
3 rd Quarter	8.84	8.61	6.99
Year to Date	12.74	12.03	11.20
One Year	22.63	21.61	25.20
Three Years	2.09	1.22	(0.75)
Five Years	12.97	12.02	9.75
Inception*	13.73	12.78	7.98

Annual Returns (%)

	KAR Small-Mid Cap Growth (gross)	KAR Small-Mid Cap Growth (net)	Russell 2500™ Growth Index
2023	20.07	19.06	18.93
2022	(21.94)	(22.62)	(26.21)
2021	6.58	5.68	5.04
2020	48.40	47.18	40.47
2019	46.11	44.91	32.65
2018 [§]	(9.44)	(9.77)	(15.93)

*August 1, 2018

[†]All periods less than one year are total returns and are not annualized. Returns are final. Returns could be reduced, or losses incurred, due to currency fluctuations.

[‡]Net of all fees and expenses. Assumes a 0.85% 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.

[§]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 final. 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.**

The eVestment Small-Mid Cap Growth Universe includes 64 managers categorized in the small-mid cap growth asset class by eVestment. KAR does not pay any fees to be included in the eVestment Small-Mid Cap Growth Universe or for the ranking itself. KAR does pay fees for the use of certain products and services provided by eVestment. eVestment rankings are based on gross of fee returns. Gross of fee returns will be reduced by investment management fees and other expenses that may be incurred in the management of the account. Management fees are described in KAR's Form ADV Part 2A, which is available upon request and can also be found at <https://kayne.com/wp-content/uploads/ADV-Part-2A.pdf>. Returns could be reduced or losses incurred due to currency fluctuations. **Past performance is no guarantee of future results.**

Performance Statistics

Inception* to September 30, 2024

	KAR Small-Mid Cap Growth (gross)	KAR Small-Mid Cap Growth (net)	Russell 2500™ Growth Index
Alpha	6.38	5.48	0.00
Sharpe Ratio	0.57	0.52	0.25
Information Ratio	0.62	0.52	N/A
Beta	0.80	0.80	1.00
Downside Capture	71.94	73.36	100.00
Tracking Error	9.24	9.24	N/A

Small-Mid Cap Growth Composite

Third Quarter 2024

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)	(9.95)	(15.93)	N/A	N/A	< 5	N/A	< 1	17,840
2019	46.11	44.28	32.65	N/A	N/A	< 5	N/A	< 1	25,685
2020	48.40	46.54	40.47	N/A	N/A	65	N/A	24	39,582
2021	6.58	5.21	5.04	18.89	22.28	126	0.81	427	47,269
2022	(21.94)	(22.97)	(26.21)	22.52	25.54	109	0.59	352	33,531
2023	20.07	18.54	18.93	19.56	21.25	100	0.42	471	41,186

*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, 2023.

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 Small-Mid Cap Growth Composite has had a performance examination for the period from August 1, 2018 through December 31, 2023. 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 is defined as all fully discretionary institutional and pooled Small-Mid Cap Growth Portfolios. Small-Mid Cap 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 inception date of the composite is August 2018. The composite was created in August 2018. Prior to April 2024, the name of the composite was the Small-Mid Cap Sustainable Growth Composite. 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 model management fee used for the net returns in this table is 1.30% for all periods presented. The standard Institutional management fee schedule currently in effect is as follows: 0.85% for the first \$25 million; 0.75% on the next \$25 million; 0.70% on the next \$50 million; 0.60% on the balance. The maximum Wealth Advisory Services Fee in effect is 1.30% for all assets, which breaks out as follows: 1.00% for the first \$3 million; 0.80% on the next \$2 million; 0.70% on the

next \$5 million; 0.60% on the balance; with an additional 0.30% for any assets invested in separately managed accounts strategies. The standard investment advisory fee schedule currently in effect for clients not engaging in Wealth Advisory Services is 1.00%. 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 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 2021 because 36 monthly composite returns are not available.

GLOSSARY

Alpha: A risk-adjusted measure of an investment's excess return relative to a benchmark. Sharpe Ratio: A risk-adjusted measure calculated using standard deviation and excess return to determine reward per unit of risk. Information Ratio: The information ratio (IR) is a measurement of portfolio returns beyond the returns of a benchmark, usually an index, compared to the volatility of those returns. Beta: A quantitative measure of the volatility, or systematic risk, of a security or a portfolio in comparison to the market as a whole. Downside Capture Ratio: A statistical measure of an investment manager's overall performance in down-markets. It is used to evaluate how well an investment manager performed relative to an index during periods when that index has dropped. Tracking Error: The divergence between the price behavior of a

position or a portfolio and the price behavior of a benchmark. It is reported as a standard deviation percentage difference, which reports the difference between the return an investor receives and that of the benchmark they were attempting to imitate.

INDEX DEFINITION

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. The index is unmanaged, its returns do not reflect any fees, expenses, or sales charges, and is not available for direct investment.