

## Global Small Cap Portfolio

Fourth Quarter 2022

### Market Review

Markets in 2022 were largely driven by inflation expectations and global central bank tightening in response to elevated inflation. We began the year with record low interest rates and relatively high stock market valuations. Over the first three quarters, we saw inflation expectations shift from “transitory” to “higher for longer.” This reset in expectations unsurprisingly led to a selloff in global stocks and bonds. In the fourth quarter, we began to see some relief in terms of inflation expectations, which led to a rally in equities. International investments also benefited from a weaker U.S. dollar during the fourth quarter, as the U.S. Federal Reserve began to telegraph a less aggressive policy outlook.

### Portfolio Review

The Global Small Cap Core portfolio outperformed the MSCI All Country World Small Cap Index in the fourth quarter. Good stock selection in information technology and good stock selection and an overweight in industrials contributed positively to performance. Poor stock selection and an underweight in materials and poor stock selection in financials detracted from performance. From a geographic perspective, good stock selection in Asia ex. Japan and Japan contributed to performance. An overweight in Latin America and poor stock selection in the United States detracted from performance.

The biggest contributors to performance during the quarter were Haitian International and AJ Bell. Haitian International’s shares performed strongly in the fourth quarter as analysts saw an end to the recent downturn in the company’s industry. AJ Bell benefitted from rising markets, as it earns money as a percentage of assets on its platform. We believe the strong equity returns during the fourth quarter should lead to higher revenues and profits in coming quarters. Other top contributors included Primerica, Mercari, and Rightmove.

The biggest detractors from performance during the quarter were FTI Consulting and Mortgage Advice Bureau. FTI Consulting experienced good growth in the quarter, but higher expenses led management to lower 2022 earnings per share guidance, driving the share price down. Rapidly rising interest rates caused significant decline in both refinance and purchase mortgages in the United Kingdom, which created near-term headwinds for Mortgage Advice Bureau’s business. Other bottom contributors included Haw Par, Autohome, and Corporacion Moctezuma.

### Purchases and Sales

New Purchases	Complete Sales
Fox Factory	Autohome
	Computer Services
	Ollie’s Bargain Outlet

\*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 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.**

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### Portfolio Highlights

**Style:** Small Cap  
**Index:** MSCI® ACWI Small Cap Index  
**Portfolio Inception:** 2016  
**Portfolio Assets:** \$144.1 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	36
<b>Todd Beiley, CFA</b> Portfolio Manager + Senior Research Analyst	23
<b>Craig Thrasher, CFA</b> Portfolio Manager + Senior Research Analyst	18

### Top 5 Holdings

As of December 31, 2022

Company	Country	Percent of equity (%)
Ryan Specialty	United States	8.2
Primerica	United States	4.9
Rightmove	United Kingdom	4.8
FTI Consulting	United States	4.4
Haitian International	China	4.4
<b>Total</b>		<b>26.7</b>

## Investment Process: Discovering Quality

Development of KAR High-Quality Universe	Proprietary Fundamental Research	Portfolio Construction	Sell Discipline
<b>Quantitative Screens</b> <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> <b>Other Resources</b> <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>	<b>Qualitative Analysis</b> <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> <b>Financial Analysis</b> <ul style="list-style-type: none"> <li>Evaluate basis for profitability, long-term growth potential, and ability to allocate capital appropriately</li> </ul> <b>Valuation Analysis</b> <ul style="list-style-type: none"> <li>Determine the current and potential value of the business</li> </ul>	<b>Position Weights</b> <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> <b>Sector and Geographic Tolerances</b> <ul style="list-style-type: none"> <li>Seek broad diversification, but no sector or geographic constraints</li> </ul> <b>Holding Period</b> <ul style="list-style-type: none"> <li>Typically 3-to-5 years</li> <li>Portfolio turnover is typically 25% to 35%</li> </ul> <b>Cash Levels</b> <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>	<b>Extended Valuation</b> <b>Portfolio Upgrade</b> <b>Acquisition Activity</b> <b>Negative Company or Industry Changes</b>

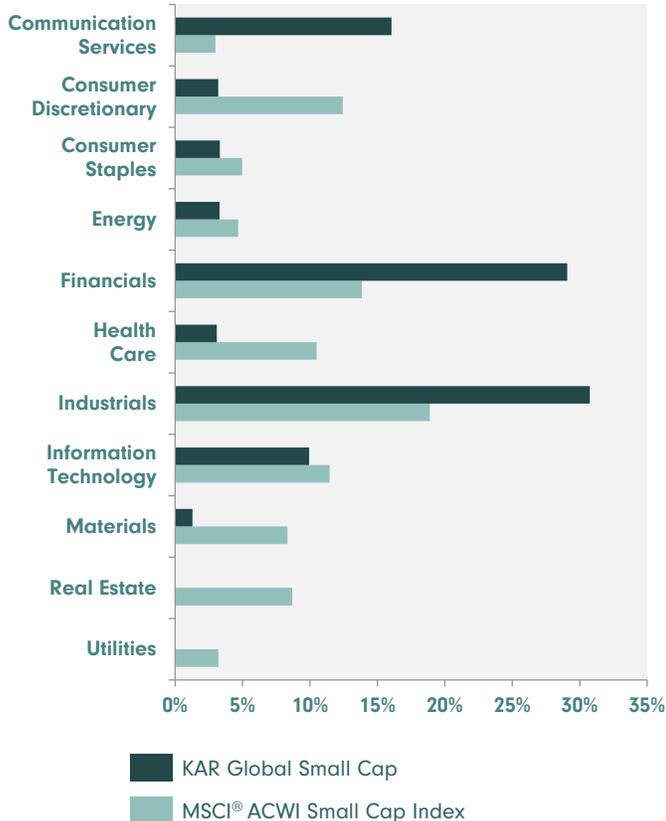
Higher Quality

Stronger, More Consistent Growth

Better Value

## Sector Diversification

As of December 31, 2022



## Portfolio Characteristics

As of December 31, 2022

	KAR Global Small Cap	MSCI <sup>®</sup> ACWI Small Cap Index
<b>Quality</b>		
Return on Equity—Past 5 Years	24.2%	11.5%
Total Debt/EBITDA*	0.9 x	2.1 x
Interest Expense Coverage	7.3 x	7.6 x
<b>Growth</b>		
Earnings Per Share Growth—Past 5 Years	9.1%	10.3%
Earnings Per Share Growth—Past 10 Years	13.6%	8.2%
Dividend Per Share Growth—Past 5 Years	8.0%	5.9%
Dividend Per Share Growth—Past 10 Years	12.8%	6.8%
<b>Value</b>		
P/E Ratio—Trailing 12 Months	19.6 x	16.5 x
Dividend Yield	2.4%	2.3%
<b>Market Characteristics</b>		
\$ Weighted Average Market Cap—3-Year Avg.	\$3.8 B	\$3.8 B
Largest Market Cap—3-Year Avg.	\$13.1 B	\$23.3 B

\* KAR utilizes the interquartile method when calculating TD/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—and that it can be applied consistently as a quantitative method for most fundamental characteristics.

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.

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.

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## Geographical Exposure

As of December 31, 2022



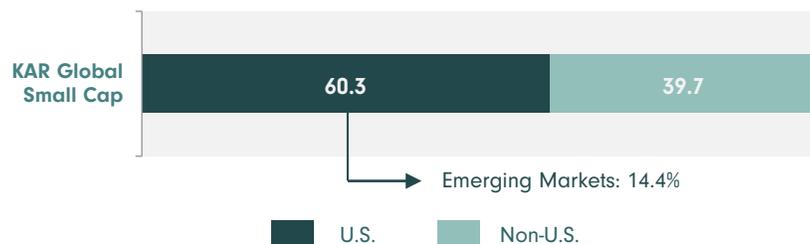
## Peer Comparison Chart

Inception\* to December 31, 2022



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

As of December 31, 2022



The eVestment Global Small Cap Universe includes 41 managers categorized in the global small cap asset class by eVestment. KAR does not pay any fees to be included in the eVestment Global Small Cap 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.**

## Historical Returns

	KAR Global Small Cap (gross)	KAR Global Small Cap (net) <sup>‡</sup>	MSCI ACWI Small Cap Index
<b>Annualized Returns (%)<sup>†</sup></b>			
As of December 31, 2022			
4 <sup>th</sup> Quarter	14.35	14.11	10.45
One Year	(20.17)	(20.90)	(18.67)
Three Years	6.98	6.02	3.18
Five Years	9.81	8.83	3.23
Inception*	15.49	14.47	7.13
<b>Annual Returns (%)</b>			
2022	(20.17)	(20.90)	(18.67)
2021	12.63	11.63	16.09
2020	36.18	34.98	16.33
2019	26.40	25.29	24.65
2018	3.16	2.24	(14.39)
2017	37.08	35.88	23.81
2016	25.21	24.11	11.59

## Performance Statistics

Inception\* to December 31, 2022

	KAR Global Small Cap (gross)	KAR Global Small Cap (net)	MSCI ACWI Small Cap Index
Alpha	8.53	7.57	0.00
Beta	0.89	0.89	1.00
Sharpe Ratio	0.83	0.77	0.33
Information Ratio	1.30	1.14	0.00
Upside Capture %	110.78	108.58	100.00
Downside Capture %	76.99	78.54	100.00

\*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.

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.** Returns could be reduced, or losses incurred, due to currency fluctuations.

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## Disclosure

Year	Composite Gross Return (%)	Composite Net Return (%)	MSCI® ACWI Small Cap Index 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	24.11	11.59	N/A	N/A	< 5	N/A	4	9,989
2017	37.08	35.88	23.81	N/A	N/A	< 5	N/A	5	14,609
2018	3.16	2.24	(14.39)	11.83	12.49	< 5	N/A	5	17,840
2019	26.40	25.29	24.65	11.82	12.77	< 5	N/A	3	25,685
2020	36.18	34.98	16.33	20.88	22.96	< 5	N/A	9	39,582
2021	12.63	11.63	16.09	20.20	21.58	< 5	N/A	111	47,269

The MSCI® ACWI 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, 2021.

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 Global Small Cap Composite has had a performance examination for the period from January 1, 2016 through December 31, 2021. The verification and performance examination reports are available upon request.

GIPS® is a registered trademark of CFA Institute. CFA Institute does not endorse or promote this organization, nor does it warrant the accuracy or quality of the content contained herein.

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® 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® ACWI Small Cap Index (net). The MSCI® ACWI Small Cap Index is a market capitalization-weighted index of small-capitalization stocks of the MSCI® 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 inception date of the composite is January 2016. The composite was created in January 2016. 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 0.90% for all periods presented. The standard management fee schedule currently in effect is as follows: 0.90% for the first \$50 million; 0.80% on the next \$50 million;

0.70% on the next \$100 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 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 withholding taxes, 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 2018 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. 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. Upside Capture Ratio: A statistical measure of an investment manager's overall performance in up-markets. It is used to evaluate how well an investment manager performed relative to an index during periods when that index has risen. 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.

**INDEX DEFINITION:** The MSCI® ACWI Small Cap Index is a free float-adjusted market capitalization-weighted index that measures small cap equity performance of developed and emerging markets. The index is calculated on a total return basis with net dividends reinvested. 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.