

Large Cap Sustainable Growth Portfolio

Fourth Quarter 2022

Portfolio Review

The Large Cap Sustainable Growth portfolio outperformed the Russell 1000 Growth Index in the fourth quarter. Good stock selection in consumer discretionary and information technology contributed positively to performance. Poor stock selection and an underweight in health care and poor stock selection in communication services detracted from performance.

The biggest contributors to performance during the quarter were Nike and Visa.

- Nike had supply chain and production issues that placed the company as a bottom contributor in the third quarter. However, in the current fourth quarter, Nike communicated concrete plans to aggressively liquidate the supply-driven excess inventory. This strategy will weigh on margins near term, but we believe it is a step the company needs to take.
- Visa reported its fourth quarter numbers and the company guided to high-single-digit revenue growth for fiscal year 2023. The company also indicated that higher operating expense growth will slow throughout the year and is flexible should top-line growth not hit projections.
- Other top contributors included NVIDIA, Fair Isaac, and Ross Stores.

The biggest detractors to performance during the quarter were Amazon.com and The Trade Desk.

- In its most recent quarter, Amazon.com guided ecommerce growth for the holidays dramatically lower-than-expected based on macroeconomic conditions in the U.S. and (especially) abroad. While the company is implementing cost controls to defend margins, they are still guiding below expectations with notable spend on content and marketing for Prime Video including Lord of the Rings and Thursday Night Football.
- Despite reporting strong revenue growth and profitability, The Trade Desk was under pressure due to concerns of a slowdown in advertising and negative market sentiment towards technology-related names.
- Other bottom contributors included Bill.com, Snowflake, and Airbnb.

Outlook

The Federal Reserve's hawkish monetary policy combined with improving supply chain issues appear to be working in reducing the core inflation rate. Inflation concerns, however, have been replaced by impending recession fears in the market. We certainly have witnessed a growth slowdown over the last year, and we are likely to see a continued growth slowdown over the next six-to-twelve months. The stock market seems to be already pricing in a moderate recession for 2023. This has to be the most anticipated recession in the history of corporate America. This does not mean that a recession cannot occur, but it does suggest a hard landing is less probable. Recession fears will not disappear overnight so investors should expect continued volatility in 2023 and will need to be patient. Additionally, the top-heavy S&P 500 companies, MAMAA (Meta, Apple, Microsoft, Amazon, and Alphabet) in particular, are having significant fundamental growth issues which has not been the case since 2008. In our view, this may bode well for many small- and medium-sized companies, which can continue to grow in a lackluster economic environment. At KAR, we will continue to invest in quality companies with defensible competitive advantages and strong balance sheets, which we believe should allow them to defend better if economic growth continues to falter and inflation continues to moderate.

Purchases and Sales

New Purchases	Complete Sales
Eli Lilly	CME Group
Idexx Labs	Meta Platforms
PepsiCo	Proctor & Gamble
S&P Global	ZoomInfo Technologies
Schlumberger	

Portfolio Highlights

Style: Large Cap
Sub-Style: Growth
Index: Russell 1000® Growth
Portfolio Assets: \$1,265.8 M*
Portfolio Turnover: 25%–35%

Investment Management Team

Name	Years of research experience
Douglas S. Foreman, CFA Chief Investment Officer + Portfolio Manager	36
Chris Armbruster, CFA Portfolio Manager + Senior Research Analyst	17
Richard Sherry, CFA Senior Research Analyst	24
Noran Eid Research Analyst	9

Top Five Holdings

As of December 31, 2022

Company	Percent of equity (%)
Visa	6.8
NVIDIA	4.5
Amphenol	4.5
Paycom Software	4.4
Amazon.com	4.2
Total	24.5

* Figures in USD

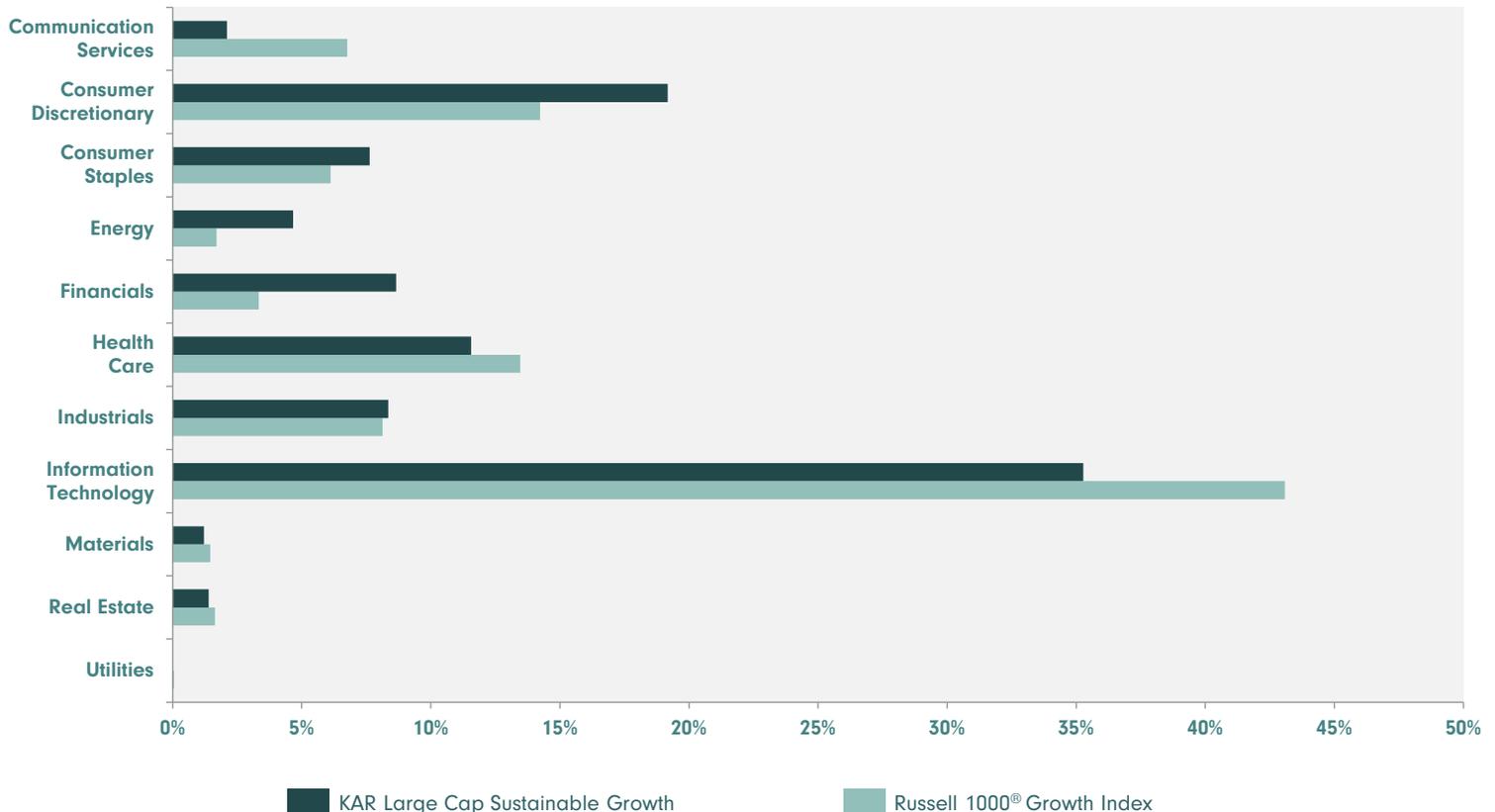
This report is based on the assumptions and analysis made and believed to be reasonable by Advisor. However, no assurance can be given that Advisor's opinions or expectations will be correct. This report is intended for informational purposes only and should be not considered a recommendation or solicitation 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
<p>Quantitative Methods</p> <ul style="list-style-type: none"> Investment conferences Meetings with companies Industry reviews Research on existing portfolio holdings Third-party research <p>Quantitative Screens</p> <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 	<p>Qualitative Analysis</p> <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 <p>Financial Analysis</p> <ul style="list-style-type: none"> Evaluate basis for profitability, long-term growth potential, and ability to allocate capital appropriately <p>Valuation Analysis</p> <ul style="list-style-type: none"> Determine the current and potential value of the business 	<p>Position Weights</p> <ul style="list-style-type: none"> Maximum initial position size is 5% (at cost) Maximum position size is 10% (at market) <p>Sector Tolerances</p> <ul style="list-style-type: none"> Seek broad diversification, but no sector constraints <p>Holding Period</p> <ul style="list-style-type: none"> Typically 3-to-5 years, but is often longer Portfolio turnover is typically 25% to 35% <p>Cash Levels</p> <ul style="list-style-type: none"> Typically will not exceed 10% once a portfolio is fully invested; review by CIO triggered if over 10% 	<p>Negative Company or Industry Changes</p> <p>Portfolio Upgrade</p> <p>Acquisition Activity</p> <p>Extended Valuation</p>
<p>Higher Quality Stronger, More Consistent Growth Better Value</p>			

Sector Diversification

As of December 31, 2022



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Fourth Quarter 2022

Portfolio Characteristics

As of December 31, 2022

	KAR Large Cap Sustainable Growth	Russell 1000® Growth Index
Quality		
Return on Equity—Past 5 Years	26.1%	30.9%
Total Debt/EBITDA*	1.0 x	0.9 x
Earnings Variability—Past 10 Years	43.9%	41.6%
Growth		
Sales Per Share Growth—Past 5 Years	13.1%	14.6%
Earnings Per Share Growth—Past 5 Years	16.2%	21.8%
Earnings Per Share Growth—Past 10 Years	14.8%	14.8%
Value		
P/E Ratio—Trailing 12 Months	34.6 x	26.9 x
P/E Ratio—1-Year Forecast FY EPS	26.6 x	21.1 x
Free Cash Flow Yield†	2.6%	3.8%
Market Characteristics		
\$ Weighted Average Market Cap	\$149.3 B	\$627.6 B
Largest Market Cap	\$854.7 B	\$2,066.9 B

Performance Statistics

Inception* to December 31, 2022

	KAR Large Cap Sustainable Growth (gross)	KAR Large Cap Sustainable Growth (net)	Russell 1000® Growth Index
Annualized Standard Deviation	17.64	17.64	15.90
Beta	1.05	1.05	1.00
Sharpe Ratio	0.68	0.64	0.85
R-Squared	90.26	90.26	100.00

Historical Returns

	KAR Large Cap Sustainable Growth (gross)	KAR Large Cap Sustainable Growth (net) §	Russell 1000® Growth Index
Annualized Returns (%)†			
As of December 31, 2022			
4 th Quarter	4.26	4.11	2.20
One Year	(34.92)	(35.32)	(29.14)
Three Years	3.56	2.94	7.79
Five Years	7.97	7.32	10.96
Seven Years	10.36	9.70	12.95
Ten Years	12.48	11.81	14.10
Inception	12.68	12.01	14.20
Annual Returns (%)			
2022	(34.92)	(35.32)	(29.14)
2021	13.12	12.45	27.60
2020	50.86	49.99	38.49
2019	41.07	40.25	36.39
2018	(6.37)	(6.94)	(1.51)
2017	35.93	35.13	30.21
2016	(0.03)	(0.63)	7.08
2015	10.43	9.78	5.67
2014	12.66	11.99	13.05
2013	30.66	29.89	33.48
2012	14.76	14.08	15.26

*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—only the extreme ends are excluded—and that it can be applied consistently as a quantitative method for most fundamental characteristics.

†Free cash flow data is as of September 30, 2022. Prices are as of December 31, 2022. Excludes financials.

§Net of all fees and expenses. Assumes a 0.70% 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.

*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.

^{||} January 1, 2012

This material is deemed supplemental and complements the performance and disclosure at the end of this presentation. For further details on the composite, please see the disclosure statement in 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.**

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Disclosure

Year	Composite Gross Return (%)	Composite Net Return (%)	Russell 1000® 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	14.76	13.29	15.26	N/A	N/A	24	0.03	583	6,545
2013	30.66	29.01	33.48	N/A	N/A	25	0.08	674	7,841
2014	12.66	11.21	13.05	10.39	9.73	25	0.14	681	7,989
2015	10.43	9.02	5.67	12.33	10.85	31	0.35	687	8,095
2016	(0.03)	(1.33)	7.08	13.24	11.31	57	0.06	928	9,989
2017	35.93	34.21	30.21	12.53	10.69	142	1.44	1,175	14,609
2018	(6.37)	(7.59)	(1.51)	14.28	12.30	217	0.23	991	17,840
2019	41.07	39.29	36.39	16.39	13.26	284	0.66	1,304	25,685
2020	50.86	48.97	38.49	22.24	19.92	439	1.16	2,028	39,582
2021	13.12	11.67	27.60	20.20	18.42	536	0.38	2,163	47,269

The Russell 1000® 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, 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 Large Cap Sustainable Growth Composite has had a performance examination for the period from January 1, 2012 through December 31, 2021. 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 Large Cap Sustainable Growth Portfolios. Large Cap Sustainable Growth Portfolios are invested in equity securities with market capitalizations consistent with the Russell 1000® 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 1000® Growth Index. The Russell 1000® Growth Index is a market capitalization-weighted index of growth-oriented stocks of the 1,000 largest companies in the Russell Universe, which comprises of 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 January 2012. The composite was created in January 2012. 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: 0.60% for the first \$25 million; 0.55% on the next \$25 million; 0.45% on the next \$50 million; 0.35% 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 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.

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 Russell 1000® Growth Index is a market capitalization-weighted index of growth-oriented stocks of the 1,000 largest 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.