

Small Cap Core Portfolio

Fourth Quarter 2022

Portfolio Review

The Small Cap Core portfolio outperformed the Russell 2000 Index in the fourth quarter. Good stock selection and an overweight in industrials and good stock selection and an underweight in health care contributed positively to performance. Poor stock selection in information technology and consumer discretionary detracted from performance.

The biggest contributors to performance during the quarter were EMCOR Group and Toro. EMCOR's shares reacted favorably to the rebound in profitability in the quarter. Strong demand further led management to raise guidance for the year. We believe EMCOR continues to win larger and more complex projects due to its reputation and remains a strong capital allocator. Toro experienced solid demand for its products and has been able to pass through pricing to combat inflationary pressures and drive improved profitability. Other top contributors included RLI, Primerica, and Watts Water Technologies.

The biggest detractors from performance during the quarter were Manhattan Associates and Aspen Technology. In the latest quarter, Manhattan Associates reported strong sales and growth even though profit margins declined as the company continued to hire to meet demand. However, shares declined after management announced their forward year's guidance with greater conservatism due to the current macroeconomic uncertainty. Aspen Technology's merger with another software business closed in May 2022, which made the comparability of reported financials this quarter relative to previous quarters challenging. The main takeaways from the current quarter were that despite the uncertain macro environment, demand from clients remains strong and the merger business has already helped Aspen source deals in new industry verticals. Management reiterated their guidance for the current fiscal year and highlighted the company's increased scale and access to new geographies and verticals. Despite these positives, the share price came under pressure in December as markets became more challenging and concerns rose about a highly anticipated recession in 2023. Other bottom contributors included FTI Consulting, LCI Industries, and Acushnet.

Purchases and Sales

During the quarter, there were no new purchases or complete sales from the portfolio.

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.

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Portfolio Highlights

Style: Small Cap
Sub-Style: Core
Index: Russell 2000®
Portfolio Inception: 1992
Portfolio Assets: \$9,303.2 M*
Portfolio Turnover: 25%–35%

Investment Management Team

Name	Years of research experience
Douglas S. Foreman, CFA Chief Investment Officer	36
Todd Bailey, CFA Portfolio Manager + Senior Research Analyst	23
Jon Christensen, CFA Portfolio Manager + Senior Research Analyst	27
Julie Biel, CFA Senior Research Analyst	14
Julie Kutasov Senior Research Analyst	21
Craig Stone Senior Research Analyst	33
Chris Wright, CFA Senior Research Analyst	10
Sean Dixon Research Analyst	14
Arthur Su, CFA Research Analyst	7
Adam Xiao, CFA Research Analyst	9

Top Five Holdings

As of December 31, 2022

Company	Percent of equity (%)
FTI Consulting	7.3
EMCOR Group	7.0
Simpson Manufacturing	5.2
Primerica	5.2
Toro	4.8
Total	29.5

*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
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

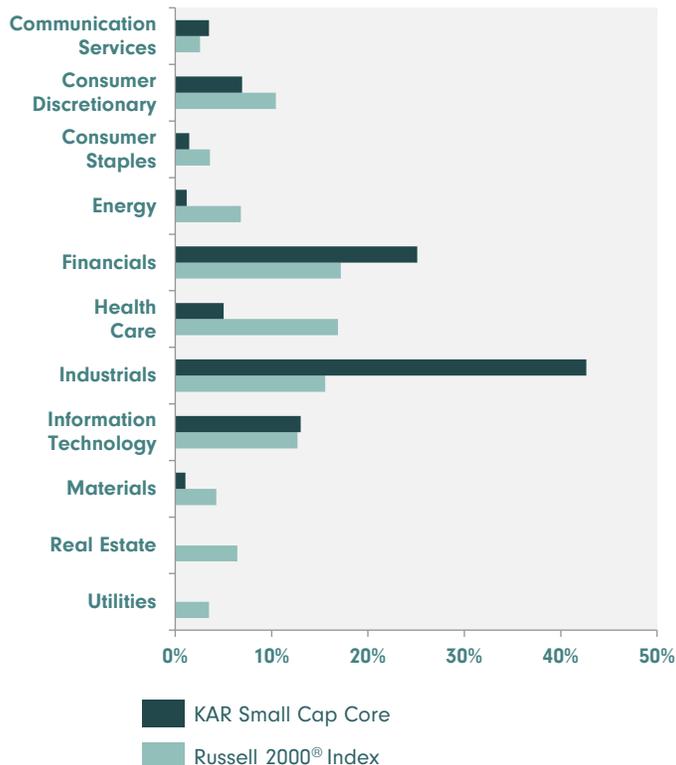
Higher Quality

Stronger, More Consistent Growth

Better Value

Sector Diversification

As of December 31, 2022



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Portfolio Characteristics

As of December 31, 2022

	KAR Small Cap Core	Russell 2000® Index
Quality		
Return on Equity—Past 5 Years	24.3%	9.9%
Total Debt/EBITDA*	0.7 x	2.5 x
Earnings Variability—Past 10 Years	31.2%	79.6%
Growth		
Earnings Per Share Growth—Past 10 Years	14.6%	8.8%
Dividend Per Share Growth—Past 10 Years	11.9%	5.2%
Capital Generation—{ROE x (1-Payout)}	17.7%	7.8%
Value		
P/E Ratio—Trailing 12 Months	19.0 x	26.2 x
Dividend Yield	1.5%	1.5%
Free Cash Flow Yield†	3.9%	1.3%
Market Characteristics		
\$ Weighted Average Market Cap—3-Year Avg.	\$7.2 B	\$3.0 B
Largest Market Cap—3-Year Avg.	\$19.3 B	\$14.4 B
Annualized Standard Deviation—Since Inception‡	15.4%	19.3%

*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.

‡April 1, 1992. Standard deviation for the KAR strategy is based on net-of-fee returns.

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

Small Cap Core Portfolio

Fourth Quarter 2022

Risk-Return Analysis

Inception* to December 31, 2022



Historical Returns

	KAR Small Cap Core (gross)	KAR Small Cap Core (net) [†]	Russell 2000® Index
Annualized Returns (%)[†]			
As of December 31, 2022			
4 th Quarter	8.40	8.17	6.23
One Year	(9.88)	(10.70)	(20.44)
Three Years	9.79	8.82	3.10
Five Years	13.08	12.08	4.13
Seven Years	17.04	16.00	7.90
Ten Years	15.72	14.70	9.01
Inception*	13.37	12.37	8.74

Annual Returns (%)	KAR Small Cap Core (gross)	KAR Small Cap Core (net)	Russell 2000® Index
2022	(9.88)	(10.70)	(20.44)
2021	19.24	18.18	14.82
2020	23.17	22.08	19.96
2019	40.88	39.65	25.52
2018	(0.83)	(1.72)	(11.01)
2017	36.61	35.42	14.65
2016	19.10	18.05	21.31
2015	2.37	1.45	(4.41)
2014	7.51	6.55	4.89
2013	30.10	28.96	38.82
2012	13.42	12.42	16.35
2011	10.14	9.16	(4.18)
2010	25.00	23.90	26.85
2009	32.09	30.93	27.17
2008	(27.64)	(28.30)	(33.79)
2007	3.16	2.24	(1.57)
2006	13.43	12.43	18.37
2005	7.78	6.82	4.55
2004	23.37	22.28	18.33
2003	34.34	33.17	47.25
2002	(12.74)	(13.53)	(20.48)
2001	6.16	5.21	2.49
2000	21.38	20.30	(3.02)
1999	6.09	5.15	21.26
1998	21.39	20.32	(2.55)
1997	20.82	19.76	22.36
1996	27.00	25.89	16.49
1995	17.47	16.43	28.45
1994	2.75	1.83	(1.82)
1993	20.00	18.94	18.88
1992	9.65	8.92	10.16

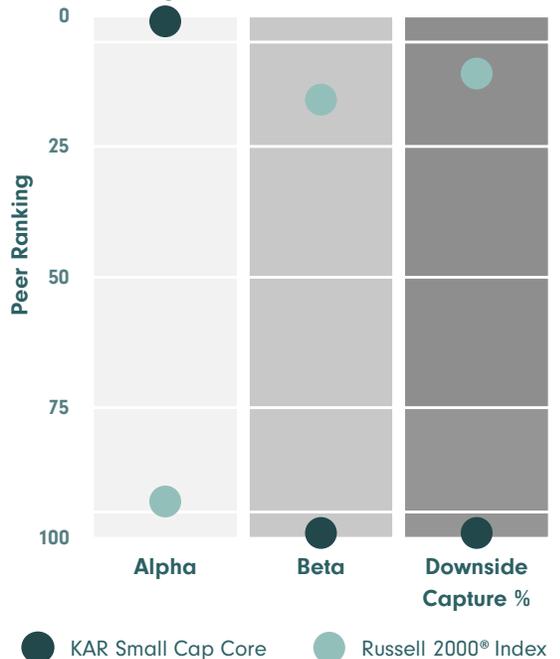
*April 1, 1992

[†]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.

[‡]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

Peer Comparison Chart

Ten Years Ending December 31, 2022



The eVestment Small Cap Core Universe includes 129 managers categorized in the small cap core asset class by eVestment. KAR does not pay any fees to be included in the eVestment Small Cap Core 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 December 31, 2022

	KAR Small Cap Core (gross)	KAR Small Cap Core (net)	Russell 2000® Index
Annualized Standard Deviation	15.37	15.37	19.33
Alpha	6.09	5.14	0.00
Beta	0.70	0.70	1.00
Sharpe Ratio	0.72	0.65	0.33
R-Squared	76.67	76.67	100.00

maximum fee across the firm's business units, which is further detailed on that page.

^{||}Performance calculations are for the nine months ended December 31, 1992.

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. 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 (%)	Russell 2000® Index Return (%)	Composite 3-Yr Std Dev (%)	Benchmark 3-Yr Std Dev (%)	Number of Accounts	Internal Dispersion (%)	Composite Assets (\$ Millions)	Firm Assets (\$ Millions)
2012	13.42	11.97	16.35	15.26	20.48	102	0.33	541	6,545
2013	30.10	28.46	38.82	11.81	16.68	121	1.41	1,018	7,841
2014	7.51	6.13	4.89	9.79	13.31	145	0.24	965	7,989
2015	2.37	1.05	(4.41)	11.28	14.16	157	0.23	1,048	8,095
2016	19.10	17.59	21.31	12.50	15.99	209	0.49	1,303	9,989
2017	36.61	34.89	14.65	11.59	14.11	392	0.70	2,091	14,609
2018	(0.83)	(2.12)	(11.01)	14.03	16.01	557	0.45	2,619	17,840
2019	40.88	39.11	25.52	14.77	15.93	719	0.89	3,692	25,685
2020	23.17	21.60	19.96	19.35	25.63	895	1.02	4,775	39,582
2021	19.24	17.72	14.82	16.58	23.68	1,073	1.45	5,285	47,269

The Russell 2000® 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 Small Cap Core Composite has had a performance examination for the period from January 1, 1999 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 discretionary institutional and pooled Small Cap Core Portfolios. Small Cap Core Portfolios are invested in equity securities with market capitalizations consistent with the Russell 2000® 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 2000® Index. The Russell 2000® Index is a market capitalization-weighted index of the 2,000 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 April 1992. The composite was created in April 1992. 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: 0.90% for the first \$25 million; 0.80% on the next \$25 million; 0.70% 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 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 measures the variability of the composite (using gross returns) and the benchmark for the 36-month period.

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 2000® Index is a market capitalization-weighted index of the 2,000 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.