

Small Cap Quality Value Portfolio

Fourth Quarter 2022

Portfolio Review

The Small Cap Quality Value portfolio underperformed the Russell 2000 Value Index in the fourth quarter. Poor stock selection in industrials and consumer discretionary detracted from performance. Good stock selection and an underweight in health care and real estate contributed positively to performance.

The biggest contributors to performance during the quarter were RLI and Azenta.

- RLI's profitability remained positive despite significant losses from Hurricane Ian. Meanwhile, RLI's specialty markets are hardening as underlying demand remains healthy and capacity tightens.
- In the most recent quarter, Azenta's shares performed well after its core business reported strong results. The company saw strong demand and backlog for its automated cold stores and storage services.
- Other top contributors included Albany International, Houlihan Lokey, and National Beverage.

The biggest detractors from performance were Leslie's and Armstrong World Industries.

- Leslie's management provided conservative guidance that could see declines in 2023 due to potential lower chlorine pricing, which caused the company's shares to decline.
- Armstrong World Industries' shares lagged after the company reported weaker-than-expected operating results driven by construction project delays and persistent cost inflation, causing the company to lower its annual outlook. We believe these issues are temporary. In our view, with the company's vast installed base, innovative product offering, and distribution platform, Armstrong is able to take advantage of what should be an enduring renovation trend, particularly in the education and health care verticals.
- Other bottom detractors included First Financial Bankshares, WD-40, and Hillman Solutions.

Purchases and Sales

During the quarter, we purchased Getty Realty and H.B. Fuller. We sold Rentokil Initial.

- Getty Realty operates as a Real Estate Investment Trust. It engages in the acquisition, owning, selling, and leasing of convenience stores and automotive retail real estate.
- H.B. Fuller is a leading manufacturer of adhesive, sealant, and other specialty chemical products.
- The acquisition of Terminix by Rentokil Initial was completed on October 12, 2022. We tendered our shares for cash, but the portfolio was left with residual stub shares in Rentokil after the cash tender process. We sold the remaining Rentokil shares as we did not want to hold this European-based company.

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.

Portfolio Highlights

Style: Small Cap
Sub-Style: Value
Index: Russell 2000® Value
Portfolio Inception: 1998
Portfolio Assets: \$5,094.4 M*
Portfolio Turnover: 25%–35%

Investment Management Team

Name	Years of research experience
Douglas S. Foreman, CFA Chief Investment Officer	36
Julie Kutasov Portfolio Manager + Senior Research Analyst	21
Craig Stone Portfolio Manager + Senior Research Analyst	33
Todd Bailey, CFA Senior Research Analyst	23
Julie Biel, CFA Senior Research Analyst	14
Jon Christensen, CFA Senior Research Analyst	27
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 (%)
Watsco	4.9
Albany International	4.7
Houlihan Lokey	4.6
Azenta	4.3
RLI	4.1
Total	22.6

* 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.**

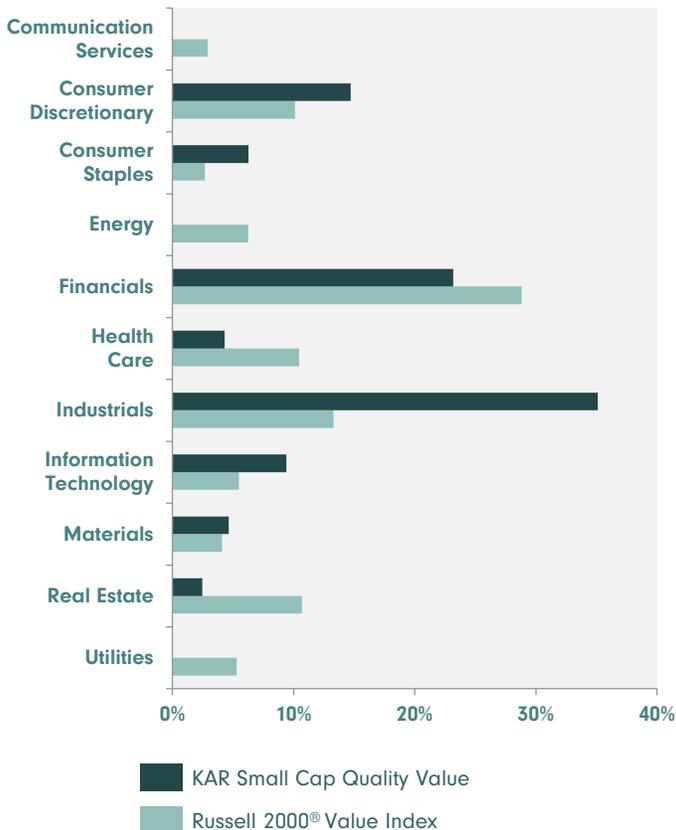
Investment Process: Discovering Quality

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



Portfolio Characteristics

As of December 31, 2022

	KAR Small Cap Quality Value	Russell 2000® Value Index
Quality		
Return on Equity—Past 5 Years	22.2%	8.8%
Total Debt/EBITDA*	1.5 x	3.5 x
Earnings Variability—Past 10 Years	35.2%	78.2%
Growth		
Earnings Per Share Growth—Past 5 Years	12.8%	11.8%
Earnings Per Share Growth—Past 10 Years	11.4%	7.0%
Dividend Per Share Growth—Past 5 Years	9.0%	3.9%
Dividend Per Share Growth—Past 10 Years	9.7%	4.9%
Capital Generation—{ROE x (1-Payout)}	12.7%	6.3%
Value		
P/E Ratio—Trailing 12 Months	19.9 x	18.8 x
Dividend Yield	1.5%	2.2%
Free Cash Flow Yield†	1.7%	0.7%
Market Characteristics		
\$ Weighted Average Market Cap—3-Year Avg.	\$4.9 B	\$2.5 B
Largest Market Cap—3-Year Avg.	\$13.0 B	\$13.3 B
Annualized Standard Deviation—Since Inception‡	17.0%	19.5%

*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.
‡June 1, 1998. 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.

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.

FOR INSTITUTIONAL USE ONLY

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Fourth Quarter 2022

Risk-Return Analysis

Inception* to December 31, 2022



Historical Returns

	KAR Small Cap Quality Value (gross)	KAR Small Cap Quality Value (net) [†]	Russell 2000 [®] Value Index
Annualized Returns (%)[†]			
As of December 31, 2022			
4 th Quarter	6.87	6.64	8.42
One Year	(23.41)	(24.11)	(14.48)
Three Years	6.27	5.32	4.70
Five Years	5.17	4.23	4.13
Seven Years	10.12	9.14	8.23
Ten Years	11.04	10.06	8.48
Inception*	10.83	9.84	7.62

Annual Returns (%)	KAR Small Cap Quality Value (gross)	KAR Small Cap Quality Value (net)	Russell 2000 [®] Value Index
2022	(23.41)	(24.11)	(14.48)
2021	20.68	19.62	28.27
2020	29.85	28.71	4.63
2019	25.79	24.68	22.39
2018	(14.80)	(15.57)	(12.86)
2017	20.48	19.41	7.84
2016	26.74	25.62	31.74
2015	(0.16)	(1.05)	(7.47)
2014	3.05	2.13	4.22
2013	41.06	39.84	34.52
2012	9.97	8.99	18.05
2011	6.57	5.61	(5.50)
2010	25.10	24.00	24.50
2009	26.97	25.85	20.58
2008	(28.51)	(29.17)	(28.92)
2007	2.19	1.27	(9.78)
2006	24.45	23.36	23.48
2005	8.88	7.91	4.71
2004	28.10	26.98	22.25
2003	21.88	20.80	46.03
2002	1.11	0.21	(11.43)
2001	19.42	18.36	14.02
2000	24.92	23.82	22.83
1999	(7.69)	(8.52)	(1.49)
1998	9.61	9.04	(10.93)

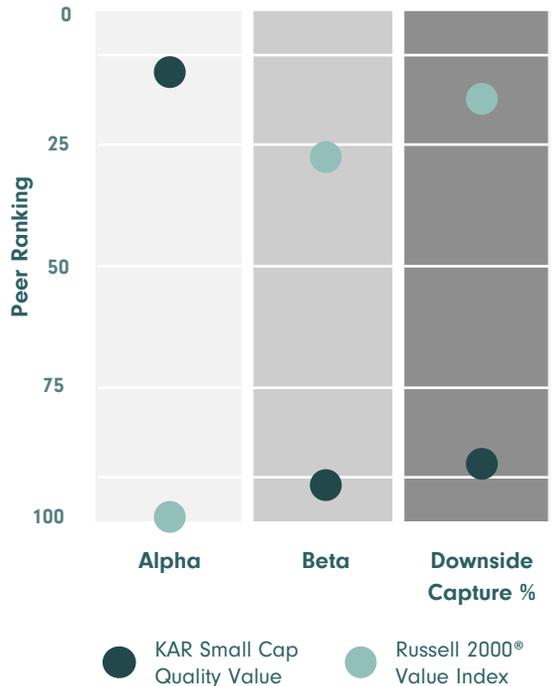
*June 1, 1998

[†]All periods less than one year are total returns and are not annualized. Returns are preliminary.

[‡]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.

Peer Comparison Chart

Inception* to December 31, 2022



The eVestment Small Cap Value Universe includes 70 managers categorized in the small cap value asset class by eVestment. KAR does not pay any fees to be included in the eVestment Small Cap Value 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 Quality Value (gross)	KAR Small Cap Quality Value (net)	Russell 2000 [®] Value Index
Annualized Standard Deviation	17.02	17.02	19.49
Alpha	4.28	3.34	0.00
Beta	0.77	0.77	1.00
Sharpe Ratio	0.53	0.48	0.30
R-Squared	78.00	78.00	100.00

^{||}Performance calculations are for the seven months ended December 31, 1998.

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. 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 (%)	Russell 2000® Value Index Return (%)	Composite 3-Yr Std Dev (%)	Benchmark 3-Yr Std Dev (%)	Number of Accounts	Internal Dispersion (%)	Composite Assets (\$ Millions)	Firm Assets (\$ Millions)
2012	9.97	8.56	18.05	16.24	20.17	120	0.35	474	6,545
2013	41.06	39.29	34.52	14.50	16.05	142	1.05	646	7,841
2014	3.05	1.72	4.22	13.06	12.98	149	0.52	581	7,989
2015	(0.16)	(1.45)	(7.47)	13.94	13.65	151	0.20	535	8,095
2016	26.74	25.13	31.74	14.30	15.72	141	1.13	711	9,989
2017	20.48	18.94	7.84	12.32	14.17	191	0.56	996	14,609
2018	(14.80)	(15.92)	(12.86)	14.42	15.98	152	0.35	895	17,840
2019	25.79	24.20	22.39	14.59	15.90	126	0.65	1,107	25,685
2020	29.85	28.20	4.63	22.12	26.49	121	0.97	1,835	39,582
2021	20.68	19.15	28.27	19.96	25.35	118	0.36	2,932	47,269

The Russell 2000® Value 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 Quality Value 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.

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 and pooled Small Cap Quality Value Portfolios. Small Cap Quality Value Portfolios are invested in equity securities with capitalizations consistent with the Russell 2000® Value 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® Value Index. The Russell 2000® Value Index is a market capitalization-weighted index of value-oriented stocks 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 independent verifiers. The inception date of the composite is June 1998. The composite was created in June 1998. 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® Value Index is a market capitalization-weighted index of value-oriented stocks of the smallest 2,000 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.