Large Cap Sustainable Growth Portfolio
Fourth Quarter 2023

Portfolio Review

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

The biggest contributors to performance during the quarter were NVIDIA and Amazon.com

- While customers and competitors alike are trying to build chips that can deliver the same functionality as NVIDIA, the market remains in a state where demand massively outstrips supply. It is estimated that 85% of artificial intelligence models are trained on NVIDIA's graphic processing units (GPU) and its programming framework is used to program 90% of graphic units. In our view, the large language models are now starting to run inference workloads on the company's GPUs and its tight integration with the programming and datacenter networking gives it a high barrier to competition.
- Improvement in Amazon's stock has been driven by an end to the deceleration at Amazon Web Services and meaningful improvements in profitability as the rationalization following the years of overinvestment is bearing fruit. The company's North American business and international segment improved operating margins. Learnings from ongoing fulfillment improvements in North America are being applied to international markets. Shipping costs are on the decline and a shift to third-party sales is helping as well. Additionally, the company's high margin advertising business re-accelerated for the first time since 2022 and now the company is moving all Prime Video subscribers to an ad-supported tier automatically unless they pay to opt into an ad-free tier.
- Other top contributors included Fair Isaac, Uber Technologies, and Visa.

The biggest detractors to performance during the quarter were Paycom Software and BILL.

- Paycom's BETI product is a self-service payroll tool that allows employees to review pay for accuracy prior to running payroll, which helps reduce errors and saves human resource and accounting teams hours of labor each pay period. This quarter the company's strategy missed revenue estimates due to some errors occurring in BETI, which guided shares down for the year. Over time, we believe the company should be able to effectively monetize BETI. We trimmed our position due to the uncertainty of that timing as well as the general weakness across its customer base.
- BILL reported headwinds from a combination of a lower-fee payment mix, larger business customers scaling back spending due to the macroeconomic environment, and proactively limiting credit line exposure on its virtual card product. Due to this confluence of headwinds, the company's stock underperformed.
- Other bottom contributors included The Trade Desk, McCormick & Company, and Schlumberger.

Outlook

With the Federal Reserve hiking cycle behind us and corporate earnings growth likely to resume, we believe 2024 should be a favorable year for equity returns. Coming into 2024, investor sentiment is nowhere near as negative as it was coming into 2023 but there is still plenty of cash on the sidelines built up over the last year. As short-term interest rates decline and the yield curve moves to flat, or even positively sloped, we believe this capital will make its way into fixed income and equity markets. From our perspective, returns in 2024 are unlikely to be as robust as 2023 but are likely to generate returns in line with earnings growth. We expect that 2024 will experience more volatility due to the election, which is likely to be contentious.

Purchases and Sales

New Purchases	Complete Sales
Meta Platforms	Bank of America
Netflix	Hess
	PepsiCo
	Pioneer Natural Resources
	Veralto

Portfolio Highlights

Style: Large Cap
Sub-Style: Growth
Index: Russell 1000® Growth
Portfolio Assets: $1,545.0 M*
Portfolio Turnover: 25%–35%

Investment Management Team

Name	Research Start Date
Chris Armbruster, CFA Portfolio Manager + Senior Research Analyst	2005
Noran Eid Portfolio Manager + Senior Research Analyst	2012
Douglas S. Foreman, CFA Portfolio Manager	1986
Richard Sherry, CFA Senior Research Analyst	1998
Katie Advena Research Analyst	2011
Luke Longinotti ESG Research Analyst	2020
Clarissa Ali Associate Research Analyst	2023

Top Five Holdings
As of December 31, 2023

Company	Percent of equity (%)
NVIDIA	9.2
Visa	6.0
Amazon.com	5.3
Amphenol	4.0
Zoetis	3.5
Total	**28.1**

Investment Process: Discovering Quality

Development of KAR High-Quality Universe

Quantitative Methods
- Investment conferences
- Meetings with companies
- Industry reviews
- Research on existing portfolio holdings
- Third-party research

Quantitative Screens
- High return on capital over a full economic cycle
- Earnings surprise
- Long and resilient earnings history
- High return on net operating assets
- Minimal debt

Proprietary Fundamental Research

Qualitative Analysis
- Evaluate sustainability of business model and assess management's ability to direct capital where it can create further control of its market

Financial Analysis
- Evaluate basis for profitability, long-term growth potential, and ability to allocate capital appropriately

Valuation Analysis
- Determine the current and potential value of the business

Portfolio Construction

Position Weights
- Maximum initial position size is 5% (at cost)
- Maximum position size is 10% (at market)

Sector Tolerances
- Seek broad diversification, but no sector constraints

Holding Period
- Typically 3-to-5 years, but is often longer
- Portfolio turnover is typically 25% to 35%

Cash Levels
- Typically will not exceed 10% once a portfolio is fully invested; review by CIO triggered if over 10%

Sell Discipline

Negative Company or Industry Changes
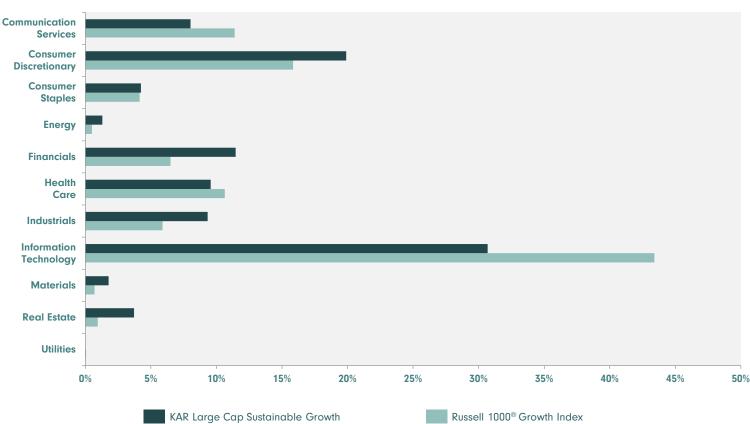
Portfolio Upgrade

Acquisition Activity

Extended Valuation

Higher Quality | Stronger, More Consistent Growth | Better Value

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Sector Diversification

As of December 31, 2023

Legend: KAR Large Cap Sustainable Growth | Russell 1000® Growth Index

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Large Cap Sustainable Growth Portfolio
Fourth Quarter 2023

Portfolio Characteristics
As of December 31, 2023

	KAR Large Cap Sustainable Growth	Russell 1000® Growth Index
Quality		
Return on Equity—Past 5 Years	**27.0%**	32.4%
Debt/EBITDA*	**0.9 x**	0.6 x
Earnings Variability—Past 10 Years	**42.1%**	38.5%
Growth		
Sales Per Share Growth—Past 5 Years	**16.5%**	16.4%
Earnings Per Share Growth—Past 5 Years	**17.6%**	20.6%
Earnings Per Share Growth—Past 10 Years	**18.0%**	18.6%
Value		
P/E Ratio—Trailing 12 Months	**47.0 x**	36.4 x
P/E Ratio—1-Year Forecast FY EPS	**32.5 x**	27.1 x
Free Cash Flow Yield†	**2.7%**	3.1%
Market Characteristics		
$ Weighted Average Market Cap	**$328.4 B**	$1,114.8 B
Largest Market Cap	**$1,559.0 B**	$3,010.1 B

Performance Statistics
Inception* to December 31, 2023

	KAR Large Cap Sustainable Growth (gross)	KAR Large Cap Sustainable Growth (net)	Russell 1000® Growth Index
Alpha	(2.25)	(2.83)	0.00
Sharpe Ratio	0.75	0.72	0.96
Information Ratio	(0.34)	(0.46)	N/A
Beta	1.06	1.06	1.00
Downside Capture	105.09	106.51	100.00
Tracking Error	5.57	5.57	N/A

Historical Returns

	KAR Large Cap Sustainable Growth (gross)	KAR Large Cap Sustainable Growth (net)§	Russell 1000® Growth Index
Annualized Returns (%)‡			
As of December 31, 2023			
4th Quarter	13.73	13.56	14.16
One Year	35.69	34.89	42.68
Three Years	(0.04)	(0.64)	8.86
Five Years	16.28	15.59	19.50
Seven Years	15.28	14.59	17.68
Ten Years	12.90	12.23	14.86
Inception‖	14.44	13.76	16.34
Annual Returns (%)			
2023	35.69	34.89	42.68
2022	(34.93)	(35.33)	(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 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 September 30, 2023. Prices are as of December 31, 2023. Excludes financials.
‡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 0.60% 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.
‖ 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.**

KAR

Large Cap Sustainable Growth Composite
Fourth Quarter 2023

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)
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	12.3	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	20.2	18.42	536	0.38	2,163	47,269
2022	(34.93)	(35.80)	(29.14)	25.23	23.8	522	0.81	1,262	33,531

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, 2022.

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, 2022. 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.