

Small-Mid Cap Quality Value Portfolio

Fourth Quarter 2024

Portfolio Review

The Small-Mid Cap Quality Value portfolio underperformed the Russell 2500 Value Index in the fourth quarter. An overweight and poor stock selection in industrials and poor stock selection in materials detracted from performance. Good stock selection in financials and good stock selection and an underweight in health care contributed positively to performance.

The biggest contributors to performance during the quarter were LPL Financial Holdings and John Bean Technologies.

- We believe LPL Financial shares appreciated based on the decreased risk of regulatory action on interest paid on client cash due to the impending change in the SEC's administration after the U.S. election in November. Additionally, the company continued to report market share gains and profit growth.
- In our view, John Bean Technologies benefitted from the continued recovery in demand from the poultry market globally, which we believe benefits the company's equipment orders from poultry customers.
- Other top contributors included Bank of Hawaii, Houlihan Lokey, and Armstrong World Industries.

The biggest detractors to performance during the quarter were CACI International and TransUnion.

- CACI International's shares declined in mid-November following an unfavorable legal judgment against the company's defense contractor unit. We see the issue as non-recurring in nature with comprehensive corrective actions having been taken by the company since the time of the incident.
- TransUnion reported improved revenue growth in financial services mostly driven by passthrough pricing in mortgage. The company also saw sustained growth in international markets and large breach remediation success in the quarter. However, mortgage rates have since increased and market expectations for the pace of further interest rate cuts from the Federal Reserve have been tempered post-election.
- Other bottom contributors included H.B. Fuller, Scotts Miracle-Gro, and Thor Industries.

Purchases and Sales

During the quarter, we made no new purchases. We sold Leslie's. While negative impacts from post-pandemic demand normalization and a late start to the pool season were observed industry-wide, the magnitude of the sales and earnings decline for Leslie's gave us pause. We were particularly concerned with consumers exhibiting increased price sensitivity to pool chemicals, the company's largest, most profitable, and less discretionary product category. With these considerations in mind and taking into account additional business risk associated with the company's elevated financial leverage, we exited our small position.

Outlook

As we look to 2025, we continue to believe it is impossible to predict the unfolding economic outlook. We do see improved business confidence following the results of the election. The labor market remains solid, although not heated; new hires and job openings continue to be strong and the unemployment rate is still low. Corporate debt levels are slightly above long-term averages but appear manageable. Still, inflation has not been completely tamed. We have seen incremental strength in prices, most notably in the services sector production. This presents some challenges as the U.S. economy is driven more by services than goods production. To reach the Fed's 2% inflation target, we will need to see a softening in services prices. At the Federal Reserve's December meeting, the decision to cut the fed funds rate by 25 bps was "finely balanced" — several members of the Fed now see the current policy rate as being much closer to neutral (neither restrictive nor stimulative) than when cuts began in September 2024. To us, this indicates the need to keep expectations in check regarding forecasts for rate cuts in 2025.

Portfolio Highlights

Style: Small-Mid Cap
Sub-Style: Value
Index: Russell 2500™ Value
Portfolio Inception: 2008
Portfolio Assets: \$677.3 M*
Portfolio Turnover: 25%–35%

Investment Management Team

Name	Research Start Date
Julie Kutasov Portfolio Manager + Senior Research Analyst	2001
Craig Stone Portfolio Manager + Senior Research Analyst	1990
Todd Beiley, CFA Senior Research Analyst	1999
Julie Biel, CFA Senior Research Analyst	2004
Jon Christensen, CFA Senior Research Analyst	1995
Chris Wright, CFA Senior Research Analyst	2012
Adam Xiao, CFA Senior Research Analyst	2013
Tyler Cantarano Research Analyst	2017
Sean Dixon Research Analyst	2008
Luke Longinotti, CFA ESG Research Analyst	2020
Arthur Su, CFA Research Analyst	2015
Clarissa Ali Associate Research Analyst	2023

Top Five Holdings

As of December 31, 2024

Company	Percent of equity (%)
TransUnion	5.1
LPL Financial Holdings	4.8
Broadridge Financial Solutions	4.7
Zebra Technologies	4.5
RBC Bearings	4.4
Total	23.5

* 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

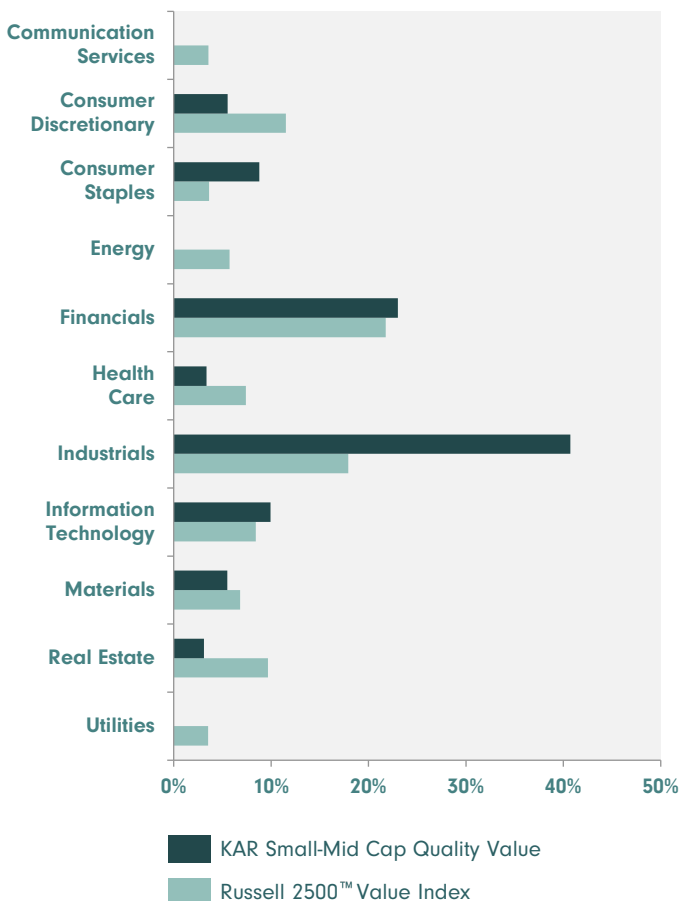
Seeking Higher Quality

Seeking Stronger, More Consistent Growth

Seeking Better Value

Sector Diversification

As of December 31, 2024



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Portfolio Characteristics

As of December 31, 2024

	KAR Small-Mid Cap Quality Value	Russell 2500 Value Index
Quality		
Return on Equity—Past 5 Years	23.9%	12.4%
Debt/EBITDA*	1.3 x	2.6 x
Earnings Variability—Past 10 Years	34.4%	73.9%
Growth		
Earnings Per Share Growth—Past 5 Years	6.8%	11.7%
Earnings Per Share Growth—Past 10 Years	11.6%	8.4%
Dividend Per Share Growth—Past 5 Years	9.5%	6.5%
Dividend Per Share Growth—Past 10 Years	10.1%	6.0%
Capital Generation—{ROE x (1-Payout)}	16.7%	9.0%
Value		
P/E Ratio—Trailing 12 Months	29.0 x	23.7 x
Dividend Yield†	1.1%	1.8%
Free Cash Flow Yield‡	4.2%	4.2%
Market Characteristics		
\$ Weighted Average Market Cap—3-Year Avg.	\$10.1 B	\$6.9 B
Largest Market Cap—3-Year Avg.	\$27.4 B	\$26.2 B
Annualized Standard Deviation—Since Inception§	17.9%	20.2%

*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.

†Dividend yield is a financial ratio that shows how much companies have paid out in dividends in the most recent year relative to their stock price at the end of such year. Dividend yield is being shown here as a characteristic of the stocks held in the portfolio and not to infer how the stocks have or will perform, as dividends are not the only component of the portfolio's performance. Dividends are subject to change from year-to-year, and the portfolio's dividend yield could be lower or higher in future years.

‡Free cash flow data is as of September 30, 2024. Prices are as of December 31, 2024. Excludes financials.

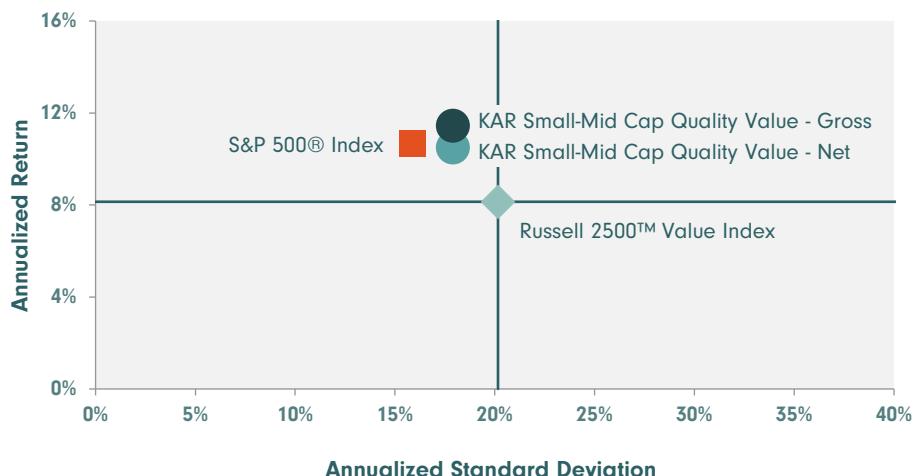
§January 1, 2008. Standard deviation for the KAR strategy is based on net-of-fee returns. This material is deemed supplemental and complements the performance and disclosure at the end of this presentation. Data is obtained from FactSet Research Systems and BNY Mellon and is assumed to be reliable. Other 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-Mid Cap Quality Value Portfolio

Fourth Quarter 2024

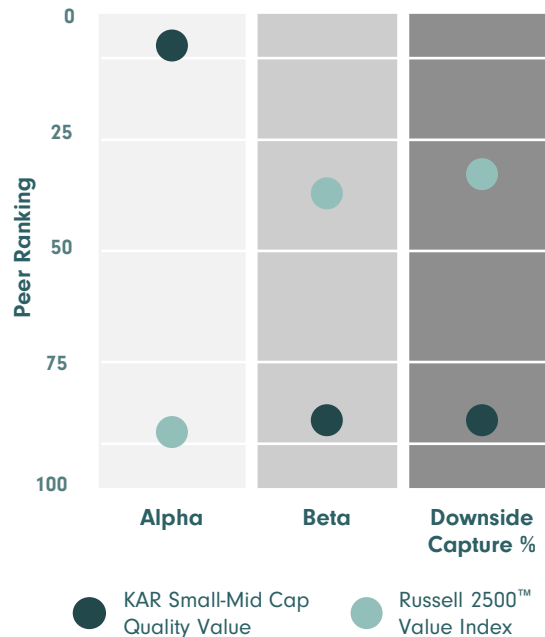
Risk-Return Analysis

Inception* to December 31, 2024



Peer Comparison Chart

Inception* to December 31, 2024



Historical Returns

	KAR Small-Mid Cap Quality Value (gross)	KAR Small-Mid Cap Quality Value (net) [†]	Russell 2500™ Value Index
Annualized Returns (%)[†]			
As of December 31, 2024			
4 th Quarter	(0.64)	(0.85)	(0.26)
One Year	11.43	10.50	10.98
Three Years	1.63	0.77	3.81
Five Years	9.85	8.92	8.44
Seven Years	9.40	8.48	7.17
Ten Years	10.21	9.28	7.81
Inception*	11.45	10.51	8.14

	KAR Small-Mid Cap Quality Value (gross)	KAR Small-Mid Cap Quality Value (net)	Russell 2500™ Value Index
Annual Returns (%)			
2024	11.43	10.50	10.98
2023	17.68	16.69	15.98
2022	(19.94)	(20.63)	(13.08)
2021	22.18	21.16	27.78
2020	24.69	23.65	4.88
2019	33.20	32.09	23.56
2018	(11.97)	(12.73)	(12.36)
2017	18.43	17.44	10.36
2016	19.69	18.69	25.20
2015	(0.58)	(1.42)	(5.49)
2014	8.88	7.96	7.11
2013	36.30	35.17	33.32
2012	11.01	10.07	19.21
2011	7.40	6.49	(3.36)
2010	25.83	24.79	24.82
2009	32.51	31.41	27.68
2008	(18.99)	(19.69)	(31.99)

*January 1, 2008

[†]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 0.85% 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.

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 final. 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.**

The eVestment Small-Mid Cap Value Universe includes 43 managers categorized in the small-mid cap value asset class by eVestment. KAR does not pay any fees to be included in the eVestment Small-Mid 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, 2024

	KAR Small-Mid Cap Quality Value (gross)	KAR Small-Mid Cap Quality Value (net)	Russell 2500™ Value Index
Alpha	4.03	3.16	0.00
Sharpe Ratio	0.57	0.52	0.34
Information Ratio	0.51	0.36	N/A
Beta	0.84	0.84	1.00
Downside Capture	77.61	79.05	100.00
Tracking Error	6.54	6.54	N/A

Small-Mid Cap Quality Value Composite

Fourth Quarter 2024

Disclosure

Year	Composite Gross Return (%)	Composite Net Return (%)	Russell 2500™ Value Index Return (%)	Composite 3-Yr Std Dev (%)	Benchmark 3-Yr Std Dev (%)	Number of Accounts	Internal Dispersion (%)	Composite Assets (\$ Millions)	Firm Assets (\$ Millions)
2014	8.88	7.48	7.11	10.65	11.41	12	0.09	140	7,989
2015	(0.58)	(1.86)	(5.49)	12.25	12.19	17	0.05	371	8,095
2016	19.69	18.16	25.20	12.24	13.36	22	0.24	395	9,989
2017	18.43	16.92	10.36	10.88	11.98	49	0.45	427	14,609
2018	(11.97)	(13.13)	(12.36)	12.93	13.77	36	0.40	162	17,840
2019	33.20	31.51	23.56	13.84	14.43	22	0.12	183	25,685
2020	24.69	23.10	4.88	22.40	25.40	20	0.25	143	39,582
2021	22.18	20.62	27.78	20.55	24.49	74	0.15	232	47,269
2022	(19.94)	(21.00)	(13.08)	23.49	26.84	73	0.55	259	33,531
2023	17.68	16.17	15.98	19.33	20.99	61	0.18	333	41,186

The Russell 2500™ 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, 2023.

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-Mid Cap Quality Value Composite has had a performance examination for the period from January 1, 2012 through December 31, 2023. 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 is defined as all fully discretionary institutional and pooled Small-Mid Cap Quality Value Portfolios (including cash) under management for at least one full quarter. Small-Mid Cap Quality Value Portfolios are invested in equity securities with market capitalizations consistent with the Russell 2500™ 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 2500™ Value Index. The Russell 2500™ Value Index is a market capitalization-weighted index of value-oriented stocks of the 2,500 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 January 2008. The composite was created in June 2008. 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: 0.85% for the first \$25 million; 0.75% on the next \$25 million; 0.70% on the next \$50 million; 0.60% 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 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

Standard Deviation: Measures variability of returns around the average return for an investment portfolio. Higher standard deviation suggests greater risk. **Alpha:** A risk-adjusted measure of an investment's excess return relative to a benchmark. **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. **Beta:** A quantitative measure of the volatility, or systematic risk, of a security or a portfolio in comparison to the market as a whole. **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.

Tracking Error: The divergence between the price behavior of a position or a portfolio and the price behavior of a benchmark. It is reported as a standard deviation percentage difference, which reports the difference between the return an investor receives and that of the benchmark they were attempting to imitate.

INDEX DEFINITION

The Russell 2500™ Value Index is a market capitalization-weighted index of value-oriented stocks of the 2,500 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.