

Mid Cap Core Portfolio

Managed Accounts

First Quarter 2012

*A Focus on Quality Since 1984
Now Celebrating*



1800 Avenue of the Stars, Second Floor | Los Angeles, California 90067

T 800.231.7414 | kayne.com

Founded in 1984

- Los Angeles-based investment firm founded by John Anderson and Richard Kayne
- Quality at a Reasonable Price™ philosophy instituted in 1989 with the addition of Allan Rudnick
- Small Cap strategy introduced in 1992 by Robert Schwarzkopf, CFA
- Assets under management totaled \$6.7 billion as of March 31, 2012

Proprietary Fundamental Research is Our Lifeblood

- One of the industry's broadest and deepest research organizations focusing exclusively on high-quality companies
- Extensive (long only) U.S. small, mid, and large-cap equity resources

Entrepreneurial Culture and Cohesive Organization

- Senior management team averages 21 years experience with Kayne Anderson Rudnick
- Culture of meritocracy encourages and rewards investment idea generation and promotes a collegial environment

Independently Managed

- Independently operated subsidiary of Virtus Investment Partners (NASDAQ: VRTS)

Small and Mid Cap Team

Portfolio Manager/Analyst	Responsibility	Research Experience	Years with KAR
Robert Schwarzkopf, CFA	Chief Investment Officer	31 Years	21 Years
Doug Foreman, CFA	Director of Equities	26 Years	Less than 1 Year
Jon Christensen, CFA	Portfolio Manager & Senior Research Analyst Sector Coverage: Materials & Processing	17 Years	11 Years
Craig Stone	Portfolio Manager & Senior Research Analyst Sector Coverage: Energy and Producer Durables	23 Years	12 Years
Todd Beiley, CFA	Senior Research Analyst Sector Coverage: Consumer	13 Years	10 Years
Julie Kutasov	Senior Research Analyst Sector Coverage: Financials and Producer Durables	11 Years	11 Years
Craig Thrasher, CFA	Senior Research Analyst Sector Coverage: Financials	7 Years	4 Years
Rebeka Milnes	Research Analyst Sector Coverage: Health Care and Producer Durables	5 Years	Less than 1 Year
Vi Tran, CFA	Research Analyst Sector Coverage: Energy, Technology, and Utilities	3 Years	Less than 1 Year
Chris Wright, CFA	Research Analyst Sector Coverage: Consumer	2 Years	Less than 1 Year
Institutional Client Services	Responsibility	Industry Experience	Years with KAR
Daniela Bailly	Director – Consultant Relations	17 Years	10 Years
Greg Best, CFA, CAIA	Director – Institutional Sales	18 Years	Less than 1 Year
Stephanie Gillman	Director – Institutional Client Services	19 Years	13 Years
Aaron Reed	Director – Institutional Sales	22 Years	5 Years

Representative Clients

KAYNE ANDERSON RUDNICK

INVESTMENT MANAGEMENT

Corporate

Coffman Engineers
Lewitt, Hackman, et al.
Morley Group
Tennant Company

Endowments & Foundations

American College of Trust and Estate
Brethren Benefit Trust
Community West Foundation
Dumont Foundation
Leon Jaworski Foundation
Miami Children's Hospital Foundation
San Francisco Opera Association
Santa Barbara Zoological Foundation
Scripps Research Foundation
Texas Presbyterian Foundation
William Hannon Foundation

Hospital/Health Care

The Cullen Trust for Health Care

Insurance

Dorchester Insurance Co., Ltd.
Topa Insurance

Public Funds & State Societies

Champaign Police
Chicago Transit Authority
City of Aurora Police
City of Deerfield Beach
City of North Miami
City of Sunrise Police
Elgin Police Pension Board
Rockford Police Pension Fund
The Maywood Police Pension Fund

Religious

First Presbyterian Society

Universities

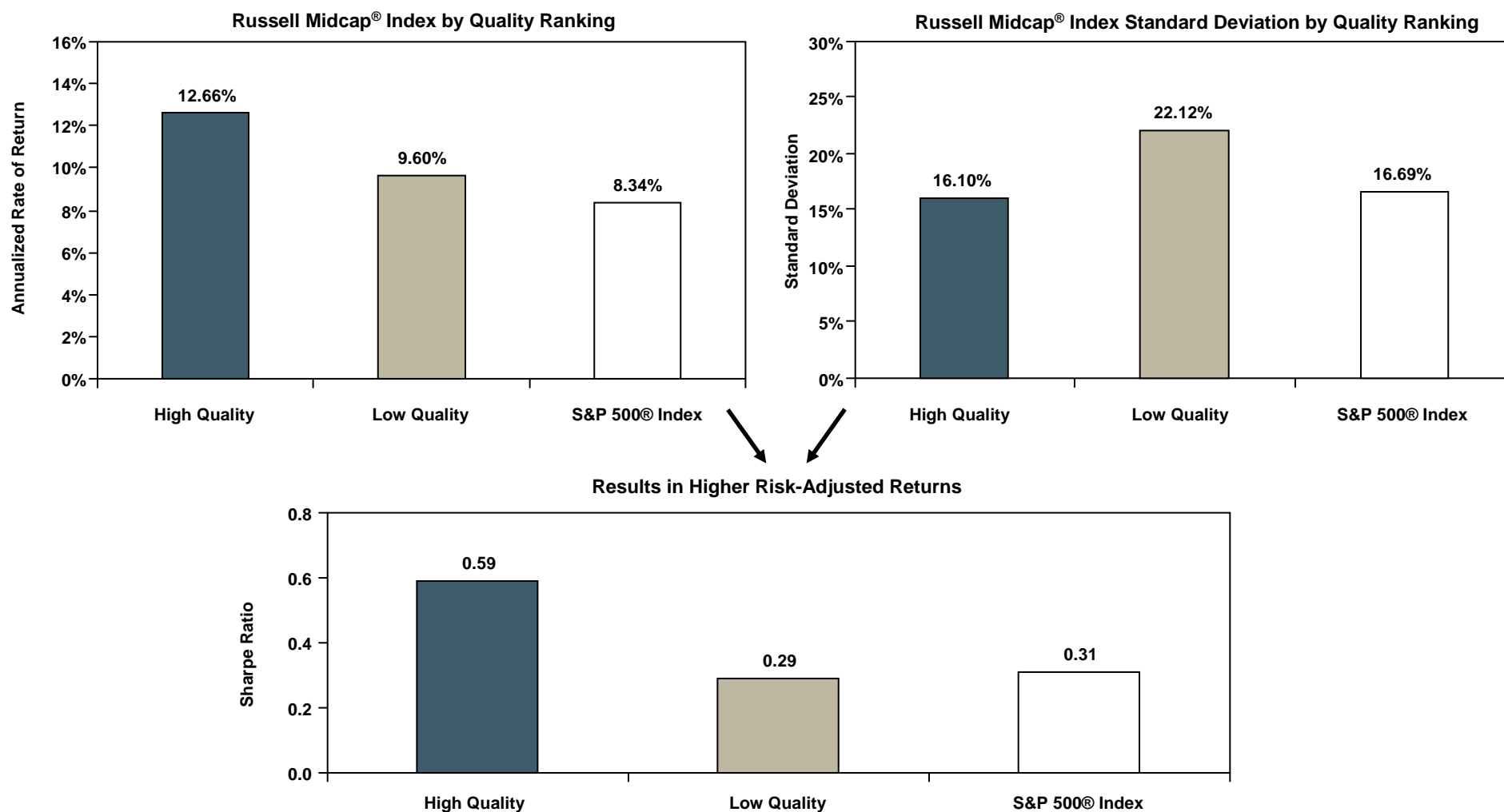
The Governors of the University of Alberta
Waynesburg University

The above is a partial list of representative clients whose names have been chosen based on their universal name recognition only. It is not known whether the client approves or disapproves of Kayne Anderson Rudnick Investment Management, LLC or the investment advisory services provided. This list is provided for informational purposes only. It does not constitute an endorsement or testimonial by these clients.



Validation of Quality

Higher Quality Outperformed With Less Risk
20 Years Ending March 31, 2012



Returns are annualized for the 20 years ending March 31, 2012. Data is obtained from FactSet Research Systems and is assumed to be reliable.

Past performance is no guarantee of future results.

S&P High Quality – Stocks in the Russell Midcap® Index with an S&P quality ranking of B+ or higher.

S&P Low Quality – Stocks in the Russell Midcap® Index with an S&P quality ranking of B or less.

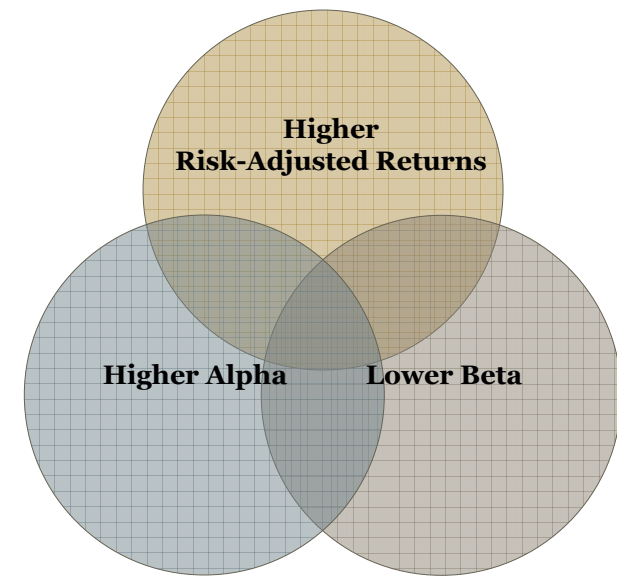
Investment Objectives

We believe that quality businesses that outgrow their markets and are purchased at discount valuations will lead to superior risk-adjusted returns over a full market cycle.

The “Next Generation of Blue Chips”
Quality at a Reasonable Price™



Mid Cap Returns, S&P 500® Risk



How Are We Different?

We Manage Risk and Generate Returns Differently

Investment Objective: Mid Cap Returns, S&P 500® Risk	
RISK	
KAR Approach	Classic Approach
<ul style="list-style-type: none"> • 25-35 stock portfolio <ul style="list-style-type: none"> ▪ 3% to 8% positions in high-quality companies • Each company has: <ul style="list-style-type: none"> ▪ Minimal business risk ▪ Minimal balance sheet risk ▪ Minimal profit risk • 16% standard deviation of returns <ul style="list-style-type: none"> ▪ 80% downside capture 	<ul style="list-style-type: none"> • 75 stock portfolio <ul style="list-style-type: none"> ▪ 1% to 2% positions • No stock can hurt more than 2% • 21% standard deviation of returns
RETURNS	
KAR Approach	Classic Approach
<ul style="list-style-type: none"> • Exceptional companies producing exceptional returns on capital • Buy at attractive price and let exceptional returns on capital drive exceptional growth and income over extended period of time • 36 to 60 months average holding period • Low frictional costs due to less trading • Inherent tax efficiency • 2% annual alpha (risk-adjusted excess return) 	<ul style="list-style-type: none"> • Average companies producing average return on capital • Buying cheap and selling dear required for above-average portfolio returns • 6 months average holding period • High frictional costs due to rapid trading • Poor tax efficiency due to short holding periods
Results: Strong Risk-Adjusted Returns with Higher Alpha and Lower Beta	

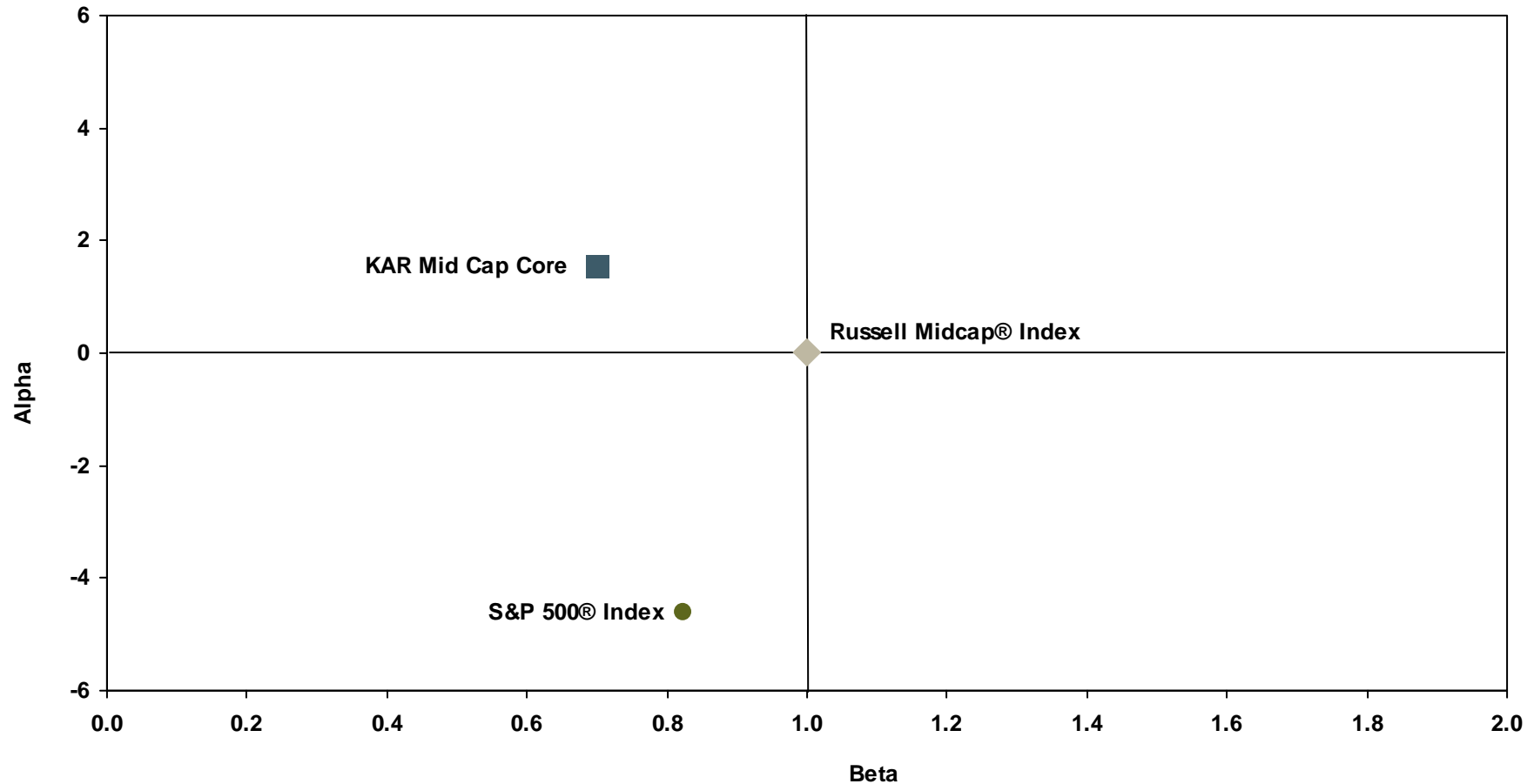
Data as of March 31, 2012. Past performance is no guarantee of future results.
 Statistics provided are calculated from the portfolio inception date of January 1, 2000.

Proof Statement

U.S. Mid Cap Core Equity
Inception* to March 31, 2012

KAYNE ANDERSON RUDNICK

INVESTMENT MANAGEMENT



*January 1, 2000

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. Past performance is no guarantee of future results. Data is obtained from FactSet Research Systems and is assumed to be reliable.

Source of Quality

U.S. Mid Cap Core Equity
Competitive Advantage

KAYNE ANDERSON RUDNICK

INVESTMENT MANAGEMENT

CHURCH & DWIGHT CO., INC.

Brand Franchise: *Church & Dwight*

- Industry-leading return on equity from strong brands, such as Arm & Hammer, Oxi Clean, Brillo, Orange Glo, and Nair



Network Structure: *Copart*

- Nation's largest salvage vehicle auctioneer that provides insurance companies an avenue to dispose of vehicles that are declared a total loss through a proprietary, Internet-only bidding process



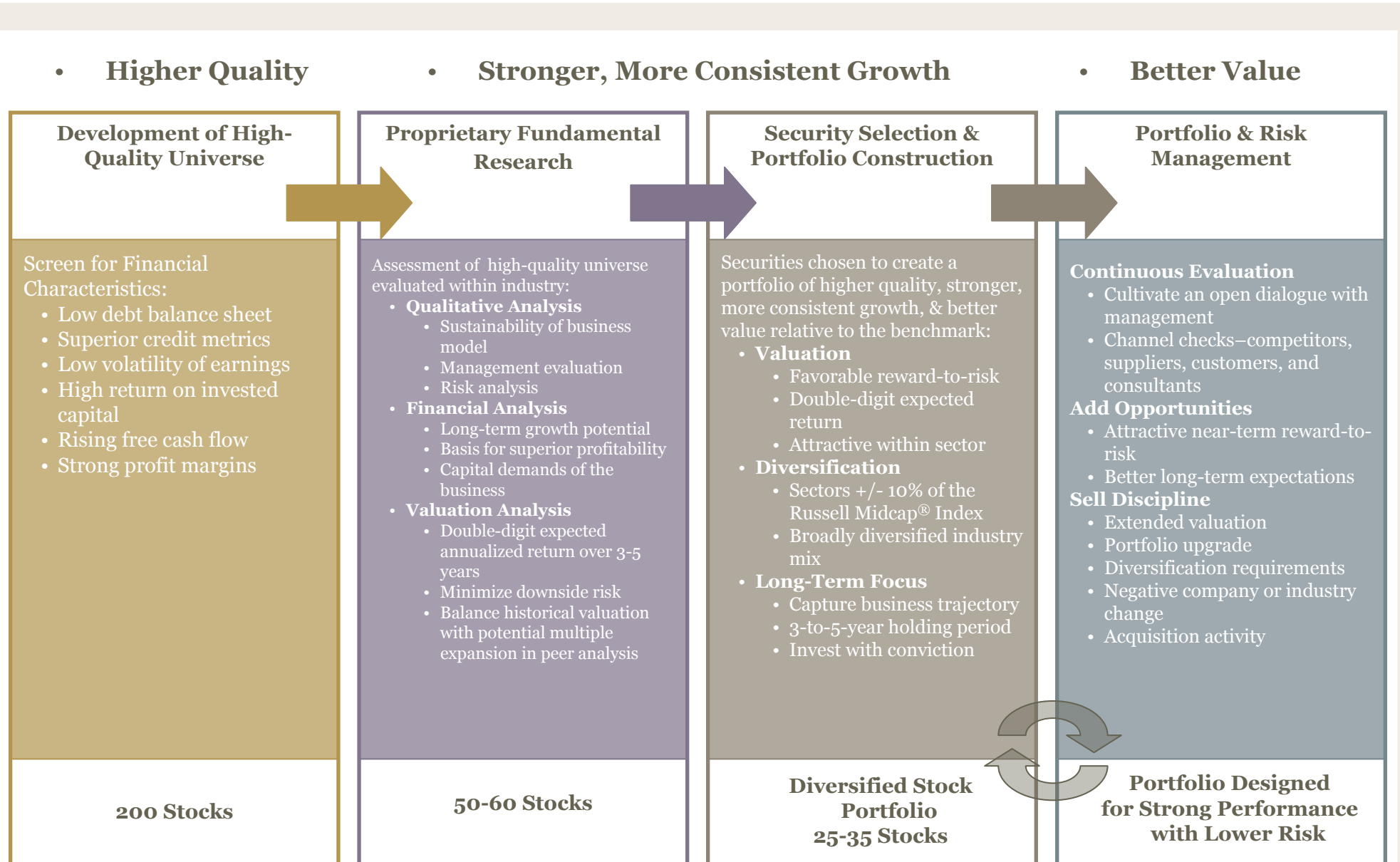
Niche Dominance: *Intuit*

- Dominant provider of tax preparation, personal finance, and small-business accounting software in the retail market

The securities presented on this page are chosen based upon objective criteria. Companies are chosen to exemplify diversification. We typically select companies that operate in large, vast industries, but have overwhelming market share for their particular niches. All information is provided for informational purposes only and should not be deemed as a recommendation to purchase the securities mentioned. It should not be assumed that securities recommended in the future will be profitable. A complete list of portfolio holdings and specific securities transactions for the preceding 12 months is available upon request. Holdings are subject to change.

Investment Process

Discovering Quality



Extended Valuation

- Significant premium to intrinsic value
- Expected annual return provides insufficient equity risk premium

Portfolio Upgrade

- Enhance quality characteristics
- Accelerate growth profile
- Improve value metrics

Diversification Requirements

- Rebalance within sector controls
- Improve industry mix

Negative Company or Industry Changes

- Position review research report written for any of the following conditions:
 - Stock price declines 20% or more in a short time period absent a broad market decline
 - Validity deteriorates for one or more of the reasons for purchase
 - Credit-quality profile deteriorates
- Quality parameters reviewed by the Chief Investment Officer with the Portfolio Managers

Acquisition Activity

- Our holding acquired at an attractive premium
- Our holding acquires a company diminishing its business or value

Portfolio Characteristics

Higher Quality, Stronger, More Consistent Growth, & Better Value
U.S. Mid Cap Core Equity — As of March 31, 2012

KAYNE ANDERSON RUDNICK

INVESTMENT MANAGEMENT

	KAR Mid Cap Core	Russell Midcap® Index
Quality		
Return on Equity—Past 5 Years	25.1%	13.8%
Total Debt/EBITDA	1.3 x	4.2 x
Earnings Variance—Past 10 Years	18.5%	67.7%
S&P Stock Ranking (A+, A, A-, B+)	89.2%	42.1%
Growth		
Earnings Per Share Growth—Past 5 Years	9.4%	5.8%
Earnings Per Share Growth—Past 10 Years	14.0%	9.2%
Dividend Per Share Growth—Past 5 Years	11.4%	3.3%
Dividend Per Share Growth—Past 10 Years	17.2%	6.8%
Capital Generation—{ROE x (1-Payout)}	19.0%	10.7%
Value		
P/E Ratio—Trailing 12 Months	19.7 x	20.3 x
Dividend Yield	1.5%	1.6%
Free Cash Flow Yield [‡]	5.1%	4.1%
Market Characteristics		
\$ Weighted Average Market Cap—4 Qtr. Average	\$7.1 B	\$8.0 B
Largest Market Cap—4 Qtr. Average	\$16.9 B	\$19.4 B
Annualized Standard Deviation—Since Inception*	16.1%	21.4%

In a market of commodity businesses, we own protected proprietary businesses that generate exceptional returns on shareholders' capital without employing significant debt.

In a market of cyclical businesses requiring growth capital from fickle markets, we own companies producing self-funded strong, consistent growth sustainable into the future.

And we are able to get this high quality and strong growth at a discount valuation to the market.

*January 1, 2000

[†]Description reflects past results and is not an indicator of future performance results.

[‡]Free cash flow data is as of December 31, 2011. Prices are as of March 31, 2012. Excludes financials.

This material is deemed supplemental and complements the performance and disclosure at the end of this presentation.

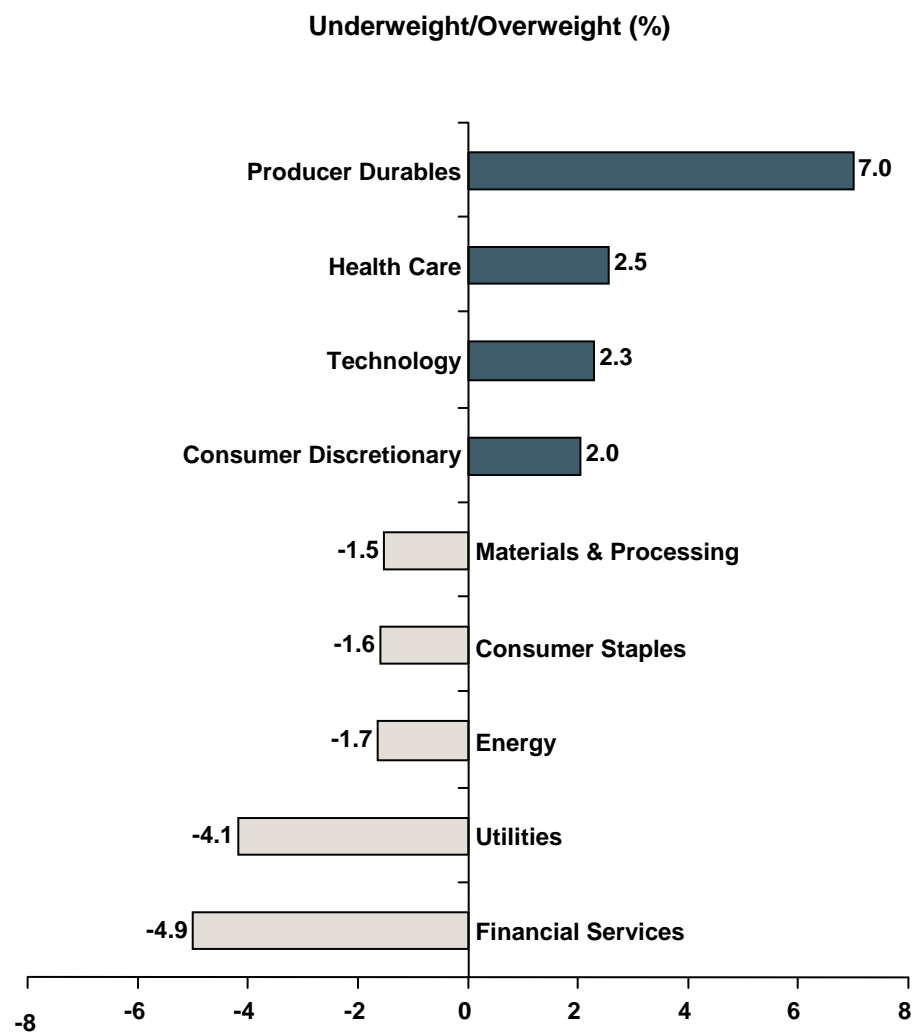
Data is obtained from Bloomberg, FactSet Research Systems, and a major consulting firm and is assumed to be reliable. Other principal consultant firms may use different algorithms to calculate selected statistics. Estimates are based on certain assumptions and historical information.

Sector Weights

U.S. Mid Cap Core Equity

As of March 31, 2012

	Portfolio (%)	Russell Midcap® Index (%)
Producer Durables	19.9	12.9
Health Care	11.6	9.1
Technology	14.0	11.7
Consumer Discretionary	19.1	17.1
Materials & Processing	5.9	7.4
Consumer Staples	4.5	6.1
Energy	5.7	7.4
Utilities	3.2	7.3
Financial Services	16.1	21.0



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Data is obtained from FactSet Research Systems and is assumed to be reliable. A complete list of portfolio holdings and specific security transactions for the preceding 12 months is available upon request. Portfolio holdings are subject to change. The sector information represented above is based on Russell sector classifications.

Conviction-Driven Investing Provides Opportunities for Excess Return

U.S. Mid Cap Core Equity — As of March 31, 2012

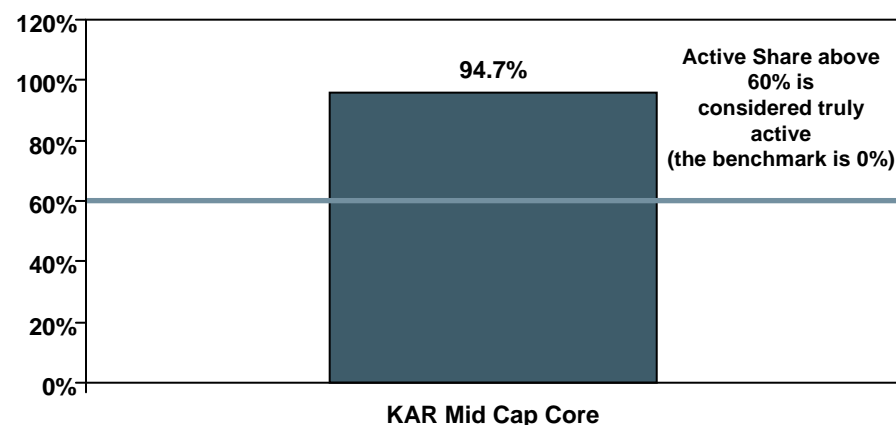
Research confidence leads to large active weights

Top 10 Holdings	Russell Sector	% of Portfolio
T. Rowe Price Group	Financial Services	5.1
Omnicom Group	Consumer Discretionary	4.6
John Wiley & Sons	Consumer Discretionary	4.4
Sirona Dental Systems	Health Care	4.4
Copart	Producer Durables	4.2
C.R. Bard	Health Care	4.2
Intuit	Technology	4.1
Waters	Producer Durables	4.1
Brown & Brown	Financial Services	3.9
Sigma-Aldrich	Materials & Processing	3.9

The strategy benefits from diversification while still taking significant active positions

	KAR Mid Cap Core	Russell Midcap® Index
# of Holdings	31	779
Average Position Size (%)	3.2	0.1
Weight of Top Ten Holdings (%)	42.9	4.5

Investment research drives portfolio construction, which results in high active share



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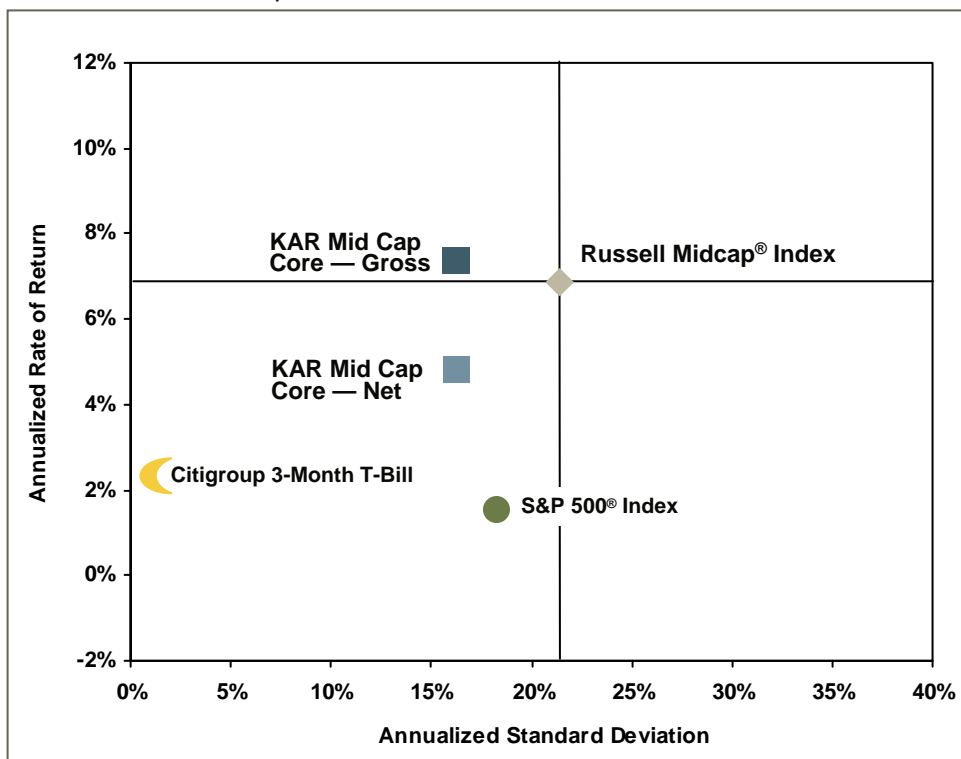
Data is obtained from FactSet Research Systems and is assumed to be reliable. A complete list of portfolio holdings and specific security transactions for the preceding 12 months is available upon request. Portfolio holdings are subject to change. The sector information represented above is based on Russell sector classifications.

Strong Risk-Adjusted Returns

U.S. Mid Cap Core Equity — Periods Ending March 31, 2012

Meaningful Returns with Lower Volatility

Annualized Since Inception*



Strong Risk-Adjusted Performance Metrics

Annualized Since Inception*

Summary Statistics	KAR Mid Cap Core	Russell Midcap® Index
Alpha	1.45	0.00
Sharpe Ratio	0.31	0.22
Standard Deviation	16.13	21.43
Semi-Standard Deviation	12.62	16.32
Beta	0.70	1.00
Tracking Error	8.76	0.00

*January 1, 2000

This material is deemed supplemental and complements the performance and disclosure at the end of this presentation. Returns for the Kayne Anderson Rudnick composite are gross of fees. For further details on the composite, please see the disclosure statement in this presentation. Past performance is no guarantee of future results. Data is obtained from FactSet Research Systems and is assumed to be reliable.

Returns

U.S. Mid Cap Core Equity

Annualized Performance

Periods Ending 3/31/12	Gross (%)	Net (%)	Index (%)	Excess Return (bps)
1 Year	8.48	6.66	3.31	517
3 Years	23.19	21.54	29.13	-594
5 Years	4.43	2.71	3.03	140
7 Years	6.71	4.76	6.73	-2
10 Years	6.48	4.17	7.85	-137
Since Inception*	7.35	4.87	6.91	44

Calendar Year Performance

Periods Ending 12/31	Gross (%)	Net (%)	Index (%)	Excess Return (bps)
2011	4.43	2.68	-1.55	598
2010	19.30	17.83	25.48	-618
2009	21.47	19.74	40.48	-1901
2008	-28.78	-30.29	-41.46	1268
2007	6.19	4.20	5.60	59
2006	13.10	10.91	15.26	-216
2005	8.79	5.56	12.65	-386
2004	15.29	11.86	20.22	-493
2003	26.67	23.03	40.06	-1339
2002	-12.62	-15.26	-16.18	356
2001	-2.76	-5.59	-5.62	286
2000	21.54	17.94	8.25	1329

*January 1, 2000

This material is deemed supplemental and complements the performance and disclosure at the end of this presentation.

All periods less than one year are total returns and are not annualized. Returns for the Kayne Anderson Rudnick composite are preliminary.

For further details on the composite, please see the disclosure statement in this presentation. Past performance is no guarantee of future results.

- Consistent philosophy, approach, and team since inception
- Exclusive focus on high quality
- Highly disciplined fundamental research process
- Portfolios structured for higher quality, stronger, more consistent growth, and better value
- Historically strong performance

The Mid Cap Core Portfolio is also available as a mutual fund. We are the sub-advisor to the Virtus Mid-Cap Core Fund — VMACX (A-Shares); VMCCX (C-Shares). For more information on this fund, please visit www.virtus.com.

Biographies

Executive Management



Robert A. Schwarzkopf, CFA, is Chief Investment Officer, a Portfolio Manager for the Small and Mid Cap Equity Portfolios, and a member of the Executive Management Committee. He has approximately 31 years of equity research experience. Before joining Kayne Anderson Rudnick in 1991, Mr. Schwarzkopf was a member of the Investment Policy Committee at the Pilgrim Group of Mutual Funds and Portfolio Manager for Pilgrim Regional Bankshares. He earned a B.S. and an M.S. in Mathematics from the University of Miami. Mr. Schwarzkopf is a Chartered Financial Analyst charterholder and a member of the CFA Society of Los Angeles, Inc.



Stephen A. Rigali, CFA, is Executive Vice President and a member of the Executive Management Committee. He has approximately 31 years of experience in the investment management industry. Before joining Kayne Anderson Rudnick in 1991, Mr. Rigali was a Vice President at Shearson Lehman Brothers. Mr. Rigali earned a B.S. in Business and Economics from Loyola Marymount University. He is a Chartered Financial Analyst charterholder and a member of the CFA Society of Los Angeles, Inc.



Jeannine G. Vanian is Chief Operating Officer and a member of the Executive Management Committee. Ms. Vanian has approximately 25 years of experience in the investment management industry, including 23 years with Kayne Anderson Rudnick. Ms. Vanian attended The American University in Cairo, Egypt.

Biographies

Small and Mid Cap Team



Robert A. Schwarzkopf, CFA, is Chief Investment Officer and a member of the Executive Management Committee. He has approximately 31 years of equity research experience. Before joining Kayne Anderson Rudnick in 1991, Mr. Schwarzkopf was a member of the Investment Policy Committee at the Pilgrim Group of Mutual Funds and Portfolio Manager for Pilgrim Regional Bankshares. He earned a B.S. and an M.S. in Mathematics from the University of Miami. Mr. Schwarzkopf is a Chartered Financial Analyst charterholder and a member of the CFA Society of Los Angeles, Inc.



Doug Foreman, CFA, is Director of Equities with primary responsibilities for evolving all aspects of the equity investment process, including the research tools used by the equity team, and for overseeing product development. He has approximately 26 years of investment experience. Before joining Kayne Anderson Rudnick in 2011, Mr. Foreman was Director of Equities at HighMark Capital Management and before that he was Group Managing Director and Chief Investment Officer of U.S. equities at Trust Company of the West (TCW). He earned a B.S. in marine engineering from The U.S. Naval Academy and an M.B.A. with a concentration in finance from Harvard University. Mr. Foreman is a Chartered Financial Analyst charterholder.



Jon K. Christensen, CFA, is a Portfolio Manager and a Senior Research Analyst with primary research responsibilities for the small and mid-capitalization materials & processing sector. Before joining Kayne Anderson Rudnick in 2001, Mr. Christensen was a Portfolio Manager and Senior Research Analyst for Doheny Asset Management and has approximately 17 years of equity research experience. He earned a B.S. in Mathematics/Applied Science from the University of California, Los Angeles, and an M.B.A. from the California State University, Long Beach. Mr. Christensen is a Chartered Financial Analyst charterholder.



Craig Stone is a Portfolio Manager and a Senior Research Analyst with primary research responsibilities for the small and mid-capitalization energy and producer-durables sectors. He has approximately 23 years of equity research experience. Before joining Kayne Anderson Rudnick in 2000, Mr. Stone was a Portfolio Manager at Doheny Asset Management. He earned a B.S. in International Business from San Francisco State University and an M.B.A. from the University of Southern California.

Biographies

Small and Mid Cap Team



Todd Beiley, CFA, is a Senior Research Analyst with primary research responsibilities for the small and mid-capitalization consumer sectors. Before joining Kayne Anderson Rudnick in 2002, he worked as an Associate Analyst in equity research at Prudential Securities and before that was an Equity Research Associate at RNC Capital Management. He has approximately 13 years of equity research experience. Mr. Beiley earned a B.S. in Finance from Northern Arizona University and an M.B.A. from the University of Southern California. Mr. Beiley is a Chartered Financial Analyst charterholder.



Julie Kutasov is a Senior Research Analyst with primary research responsibilities for the small and mid-capitalization financials and producer-durables sectors. Before joining Kayne Anderson Rudnick in 2001, she worked at Goldman Sachs in a program focused on investment management for high-net worth individuals and at Arthur Andersen as a Senior Associate leading teams that provided financial-audit and business-advisory services to a variety of clients in service-related industries. Ms. Kutasov holds a Certified Public Accountant license (currently inactive) in the state of California. She has approximately 11 years of equity research experience. Ms. Kutasov earned a B.A. in Business Economics from the University of California, Los Angeles, where she graduated summa cum laude, and an M.B.A. from Harvard Business School.



Craig Thrasher, CFA, is a Senior Research Analyst with primary research responsibilities for the small and mid-capitalization financials sector. Before joining Kayne Anderson Rudnick in 2008, Mr. Thrasher worked at Kirr, Marbach & Company as an Equity Analyst and at Wedbush Morgan Securities in correspondent credit. He has approximately seven years of equity research experience. Mr. Thrasher earned a B.S. in Business and Public Administration, concentration in Finance, from the University of Arizona, and an M.B.A. from the University of Chicago, Graduate School of Business. Mr. Thrasher is a Chartered Financial Analyst charterholder.



Rebeka Milnes is a Research Analyst with primary research responsibilities for the health-care and producer-durables sectors. Before joining Kayne Anderson Rudnick in 2012, Ms. Milnes worked at Relational Investors as a Health Care Analyst and at Lehman Brothers as an Analyst in the Debt Capital Markets Group, Investment Banking Division. She has approximately five years of equity research experience. Ms. Milnes earned a B.S. in Applied Economics and Management from Cornell University and is a Level III candidate in the Chartered Financial Analyst Program.



Vi Tran, CFA, is a Research Analyst with primary research responsibilities for the energy, technology, and utilities sectors. Before joining Kayne Anderson Rudnick in 2011, Mr. Tran worked at Payden & Rygel as a Portfolio Analyst and at Bank of America as a Treasury Management Analyst. He has approximately three years of equity research experience. Mr. Tran earned a B.S. in Business Administration from the University of Southern California and an M.B.A. from Columbia Business School, where he was selected for the Value Investing Program. Mr. Tran is a Chartered Financial Analyst charterholder.



Chris Wright, CFA, is a Research Analyst with primary research responsibilities for the consumer sectors. Before joining Kayne Anderson Rudnick in 2011, Mr. Wright worked at Alvarez & Marsal as a Senior Associate in Turnarounds and Restructuring, Trust Company of the West as a summer Analyst in Equity Research, and at Houlihan Lokey Howard & Zukin as an Associate in the Investment Banking Financial Institutions Group. He has approximately two years of equity research experience. Mr. Wright earned a B.S.E., concentration in Finance, from the Wharton School at the University of Pennsylvania and an M.B.A. from the University of California, Los Angeles where he was selected for the Student Investment Fund. Mr. Wright is a Chartered Financial Analyst charterholder.

Biographies

Institutional Client Services Team



Daniela Bailly is Director – Consultant Relations. She has approximately 17 years of experience in the investment management industry. Before rejoining Kayne Anderson Rudnick in 2009, Ms. Bailly was Vice President of Marketing at Burman, Barry & Associates, where she covered the central territories as well as National Sales, working closely with Portfolio Managers and Management. Before that position, she was an Internal Wholesaler and Key Accounts Manager for the Advisory Services Group for Kayne Anderson Rudnick.



Greg Best, CFA, CAIA is Director – Institutional Sales for the Western U.S. He has approximately 18 years of experience in the investment management industry. Prior to joining Kayne Anderson Rudnick in 2012, Mr. Best was Director of Client Service and Consultant Relations for Rainier Investment Management. Before that position, he was Director of Client Relations for AllianceBernstein Institutional Investments. Mr. Best earned a B.S.B.A. in Finance, with a minor in English, from the University of Florida and an M.B.A. from Columbia Business School. Mr. Best is a Chartered Financial Analyst charterholder, a Chartered Alternative Investment Analyst charterholder, a member of the CFA Institute, and a member of the CAIA Association.



Stephanie Gillman is Director – Institutional Client Services. Ms. Gillman has approximately 19 years of experience in the investment management industry. Before joining Kayne Anderson Rudnick in 1999 as a Marketing Analyst, Ms. Gillman was a Senior Communications Specialist at Capital Guardian Trust Company and a Marketing Associate at Mercer Global Advisors, a financial-planning firm based in Santa Barbara, California. Ms. Gillman earned a B.A. in Business Economics from the University of California, Santa Barbara.



Aaron A. Reed is Director – Institutional Sales. He has approximately 22 years of experience in the investment management industry. Before joining Kayne Anderson Rudnick in 2007, Mr. Reed was a Vice President covering several investment solutions for Nuveen Investments in the Midwest. Before that position, he was Vice President for Nicholas Applegate responsible for marketing managed money and mutual funds. Mr. Reed earned a B.S. in Economics, with a minor in Business Finance, from Oklahoma City University. He is a member of the Investment Management Consultants Association.

Disclosure

U.S. Mid Cap Core Equity

Kayne Anderson Rudnick Investment Management, LLC has prepared and presented this report in compliance with the Global Investment Performance Standards (GIPS®).

Kayne Anderson Rudnick Investment Management, LLC, a wholly owned subsidiary of Virtus Investment Partners, Ltd., is a registered investment advisor under the Investment Advisers Act of 1940. Kayne Anderson Rudnick Investment Management, LLC 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, wrap fee Mid Cap Core portfolios (including cash) under management for at least one full quarter. Mid Cap Core portfolios are invested in equity securities with market capitalizations consistent with the Russell Midcap® Index that have market control, rising free cash flow, shareholder oriented management, strong consistent profit growth, and low debt balance sheets. The minimum account size for this composite is \$100,000. For comparison purposes, the composite is measured against the Russell Midcap® Index. The Russell Midcap® Index is a market capitalization-weighted index of the 800 smallest companies in the Russell 1000® Index, which comprises the 1,000 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 composite was created in July 2003. The firm maintains a complete list and description of composites, which is available upon request.

Accounts that experience a significant cash flow, defined as aggregate flows that exceed 25% of the beginning of period market value, are removed from the composite for the quarter the significant cash flow occurs. The account remains excluded until it has been invested without further significant cash flows for one full calendar quarter. Additional information regarding the firm's policies and procedures for calculating and reporting performance and for the treatment of significant cash flows is available upon request.

For periods prior to July 1, 2003, the composite calculations have been linked to the firm's Mid Cap Core actual historical non-wrap fee composite performance. The minimum account size for the Mid Cap Core non-wrap fee composite was \$250,000. These non-wrap fee portfolios are presented net of commissions on portfolio transactions. Beginning on July 1, 2003, only eligible wrap fee portfolios are included in composite results.

The standard wrap fee schedule in effect is 3.00% on total assets. Actual management fees charged may vary depending on applicable fee schedules and portfolio size, among other things. Additional information may be found in Part IIA 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. Performance results include the reinvestment of all income. As of July 1, 2003, pure gross returns do not reflect the deduction of any expenses, including trading costs. From January 1, 2000 to December 31, 2005, net annual returns are calculated after the deduction of an assumed maximum annual wrap fee of 3%. Beginning January 1, 2006, net annual returns are calculated using actual fees incurred. If no fee data is provided by wrap sponsors, the maximum annual wrap fee of 3% is used to calculate net of fee performance. The historical non-wrap fee composite gross annual performance, as presented, is after commissions on portfolio transactions, which under a wrap fee agreement are included in such wrap fees. Wrap fees include all charges for trading costs, portfolio management, custody, and other administrative expenses.

If applicable, the annual standard deviation presented is an asset-weighted calculation of performance dispersion for accounts in the composite for the entire year.

Year	Total Firm Assets (\$ Millions)	Total Composite Assets (\$ Millions)	Wrap Accounts as % of Composite Assets	Accounts at Year End	Pure Gross Annual Return (%)*	Net Annual Return (%)*	Russell Midcap® Index Annual Return (%)	Annual Standard Deviation (%)
2002	8,612	2	0%	5	(12.62)	(15.26)	(16.18)	N/A
2003	10,262	6	100%	Less than 5	26.67	23.03	40.06	N/A
2004	10,320	2	100%	Less than 5	15.29	11.86	20.22	N/A
2005	8,533	5	100%	14	8.79	5.56	12.65	N/A
2006	6,523	34	100%	14	13.10	10.91	15.26	0.10
2007	5,392	25	100%	7	6.19	4.20	5.60	0.06
2008	3,445	18	100%	9	(28.78)	(30.29)	(41.46)	0.15
2009	4,010	23	100%	8	21.47	19.74	40.48	0.35
2010	4,729	28	100%	8	19.30	17.83	25.48	0.87
2011†	5,505	2	100%	4	4.43	2.68	-1.55	0.25

*Beginning July 1, 2003, pure gross returns are supplemental to net returns.

†Data is preliminary pending subadvisory data.

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