

Small-Mid Cap Core Portfolio

Managed Accounts

Third Quarter 2011

*A Focus on Quality Since 1984
Now Celebrating*



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

T 800.231.7414 or 800.638.1496 in CA | 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 \$5.1 billion as of September 30, 2011

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

KAYNE ANDERSON RUDNICK

INVESTMENT MANAGEMENT

| Portfolio Manager/Analyst | Responsibility | Research Experience | Years with KAR |
|--------------------------------------|--|----------------------------|-----------------------|
| Robert Schwarzkopf, CFA | Chief Investment Officer & Portfolio Manager | 30 Years | 20 Years |
| Doug Foreman, CFA | Director of Equities | 25 Years | Less than 1 Year |
| Julie Kutasov | Portfolio Manager & Senior Research Analyst Sector Coverage: Producer Durables and Financials | 10 Years | 10 Years |
| Craig Stone | Portfolio Manager & Senior Research Analyst Sector Coverage: Producer Durables and Energy | 22 Years | 11 Years |
| Todd Beiley, CFA | Senior Research Analyst Sector Coverage: Health Care | 12 Years | 9 Years |
| Jon Christensen, CFA | Senior Research Analyst Sector Coverage: Consumer | 16 Years | 10 Years |
| Craig Thrasher, CFA | Research Analyst Sector Coverage: Financials, Producer Durables, and Utilities | 6 Years | 3 Years |
| Gregory Toppe, CFA | Research Analyst Sector Coverage: Materials & Processing, Producer Durables, and Technology | 11 Years | 3 Years |
| Institutional Client Services | Responsibility | Industry Experience | Years with KAR |
| Daniela Bailly | Director – Consultant Relations | 16 Years | 9 Years |
| Stephanie Gillman | Director – Institutional Client Services | 18 Years | 12 Years |
| Aaron Reed, CIMA & CIMC | Director – Institutional Sales North America | 21 Years | 4 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
Dumont Foundation
Leon Jaworski Foundation
Nebraska Methodist Health System
San Francisco Opera Association
Santa Barbara Zoological Foundation
Scripps Research Foundation
Texas Presbyterian Foundation
William Hannon Foundation

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

Universities

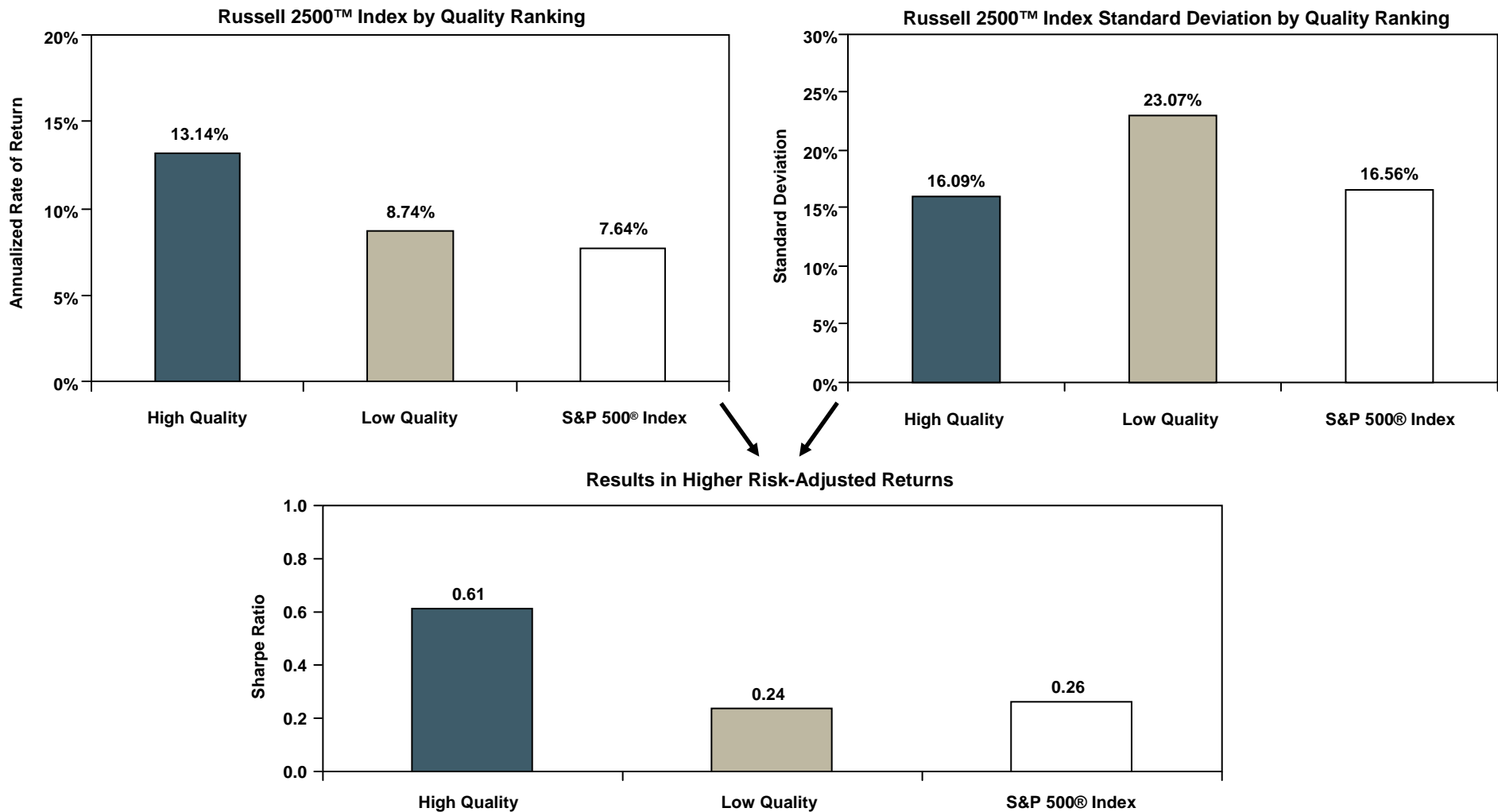
The Governors of the University of Alberta
Waynesburg University

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 September 30, 2011



Returns are annualized for the 20 years ending September 30, 2011. 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 2500™ Index with an S&P quality ranking of B+ or higher.

S&P Low Quality – Stocks in the Russell 2500™ Index with an S&P quality ranking of B or less.

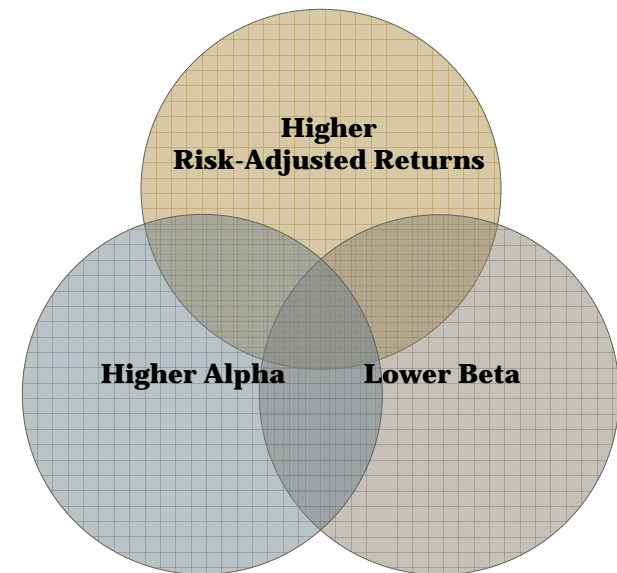
Investment Objectives

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™



Small & Mid Cap Returns, S&P 500® Risk



How Are We Different?

We Manage Risk and Generate Returns Differently

| Investment Objective: Small-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"> 85% 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% 20% 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 | |

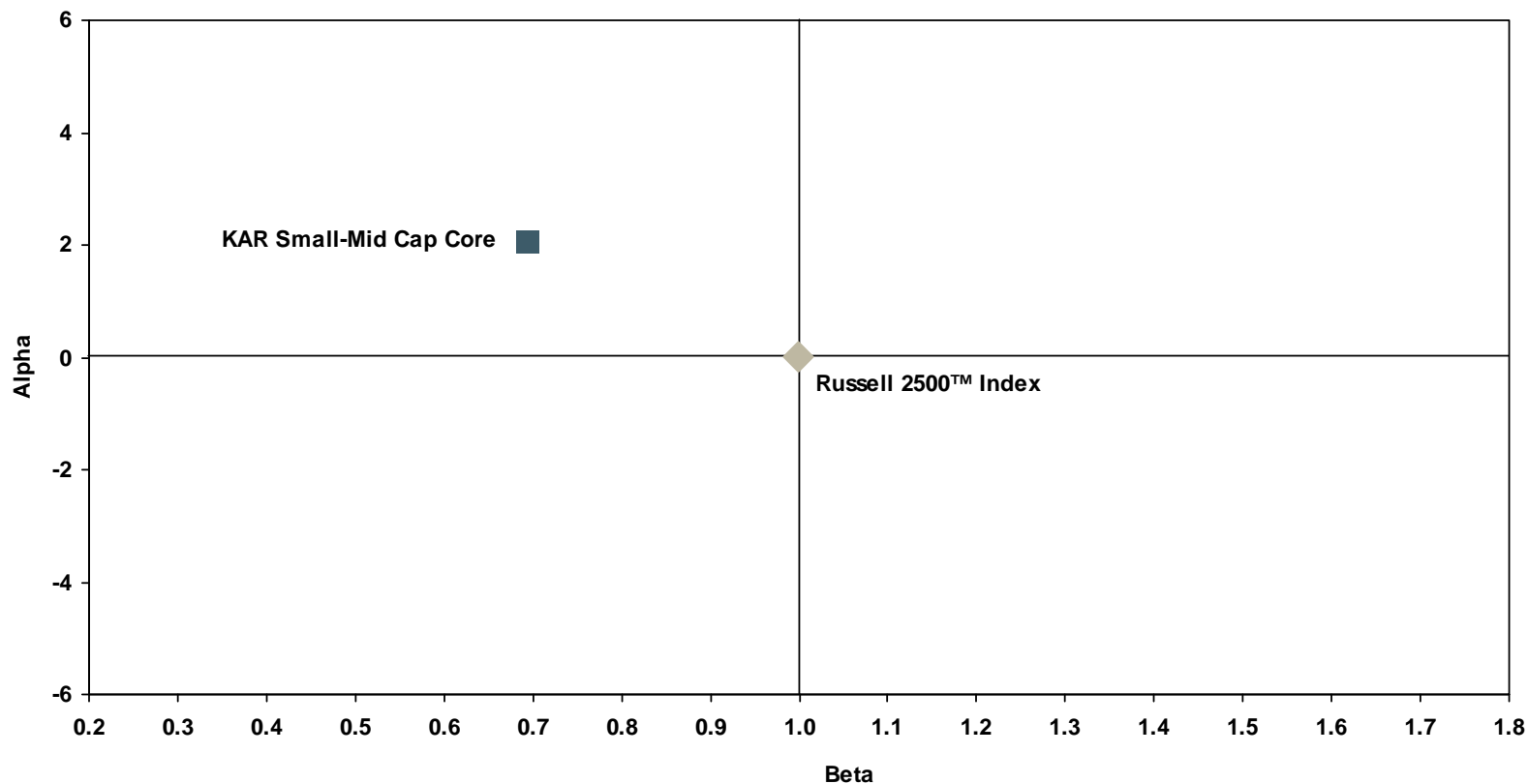
Data as of September 30, 2011. Past performance is no guarantee of future results. Statistics provided are calculated from the portfolio inception date of April 1, 1992.

Proof Statement

U.S. Small-Mid Cap Core Equity
Inception* to September 30, 2011

KAYNE ANDERSON RUDNICK

INVESTMENT MANAGEMENT



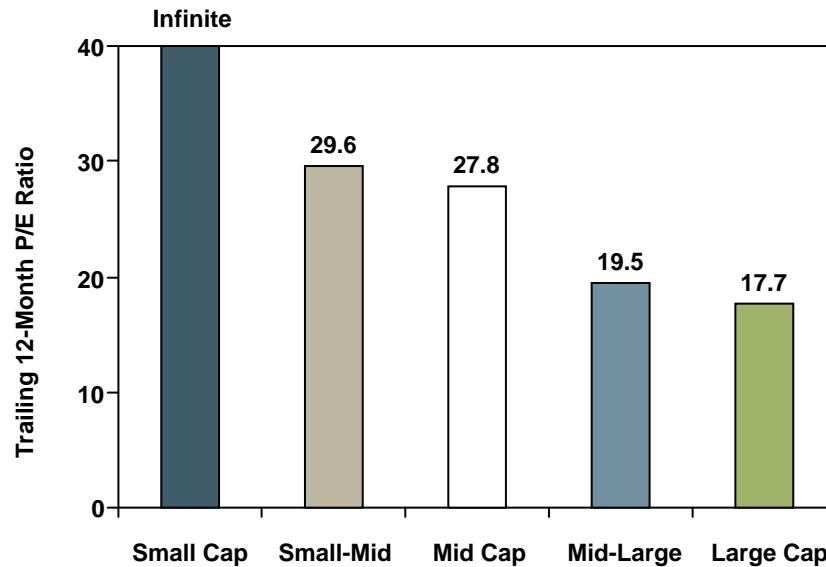
*April 1, 1992

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.

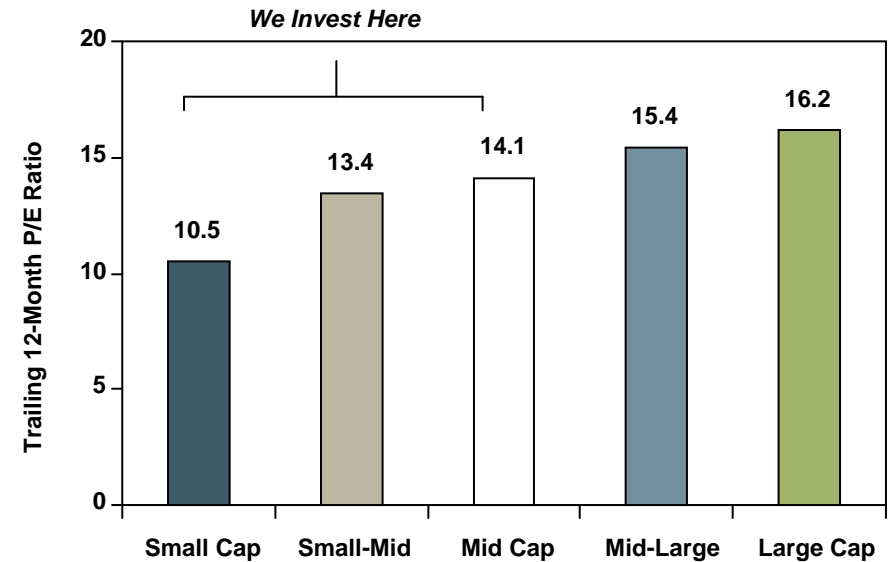
Why High-Quality Small-Mid Cap?

Quality at Reasonable Price™

All Companies



Companies With a Return on Equity of 15% or Greater



Market Cap
(In \$Billions)

\$1.7 & Below \$1.7-4.3 \$4.3-12.6 \$12.6-42.4 \$42.4 & Above

\$1.7 & Below \$1.7-4.3 \$4.3-12.6 \$12.6-42.4 \$42.4 & Above

Source of Quality

U.S. Small-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

FACTSET

Embedded at Customers: *FactSet Research Systems*

- Integrated into clients' businesses
- Better than 95% client retention

World Fuel 
Services Corporation

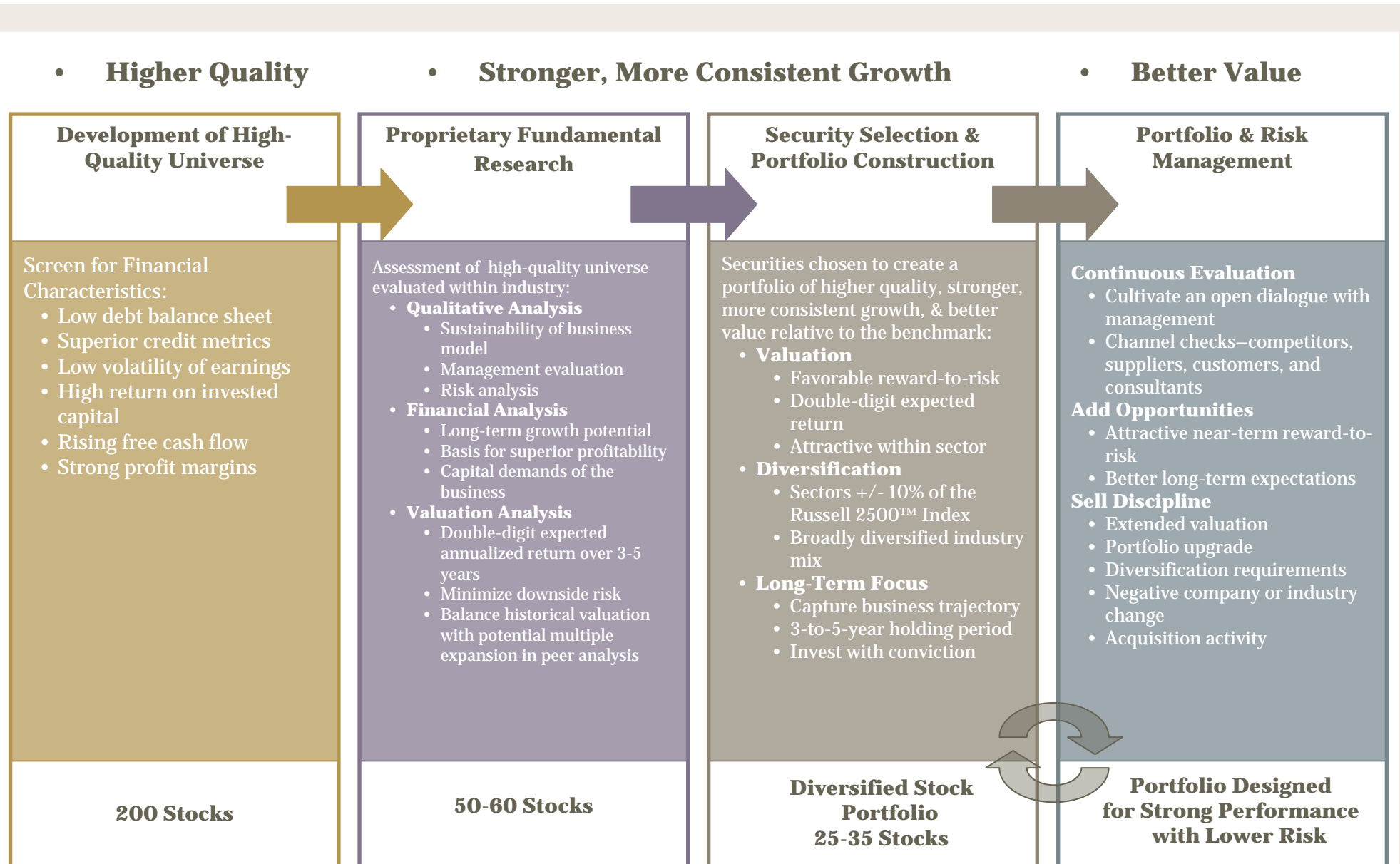
Niche Dominance: *World Fuel Services*

- Global leader in marketing fuel to marine, aviation, and ground customers
- Utilizing its extensive worldwide network, World Fuel achieves purchasing power to deliver customers fuel with simple one-stop shopping at a lower cost

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. Small-Mid Cap Core Equity — As of September 30, 2011

KAYNE ANDERSON RUDNICK

INVESTMENT MANAGEMENT

| | KAR Small-Mid Cap Core | Russell 2500™ Index |
|--|---------------------------|------------------------|
| Quality | | |
| Return on Equity—Past 5 Years | 22.6% | 11.1% |
| Total Debt/EBITDA | 0.9 x | 3.6 x |
| Earnings Variance—Past 10 Years | 23.6% | 79.7% |
| S&P Stock Ranking (A+, A, A-, B+) | 78.2% | 29.0% |
| Growth | | |
| Earnings Per Share Growth—Past 5 Years | 9.5% | 4.8% |
| Earnings Per Share Growth—Past 10 Years | 14.3% | 9.0% |
| Dividend Per Share Growth—Past 5 Years | 17.5% | 2.9% |
| Dividend Per Share Growth—Past 10 Years | 16.9% | 6.2% |
| Capital Generation—{ROE x (1-Payout)} | 17.0% | 9.2% |
| Value | | |
| P/E Ratio—Trailing 12 Months | 17.7 x | 17.4 x |
| Dividend Yield | 1.5% | 1.7% |
| Free Cash Flow Yield [‡] | 5.6% | 2.6% |
| Market Characteristics | | |
| \$ Weighted Average Market Cap—4 Qtr. Average | \$3.4 B | \$2.7 B |
| Largest Market Cap—4 Qtr. Average | \$8.8 B | \$9.0 B |
| Annualized Standard Deviation—Since Inception* | 15.9% | 20.3% |

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.

*April 1, 1992

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

[‡]Free cash flow data is as of June 30, 2011. Prices are as of September 30, 2011. 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

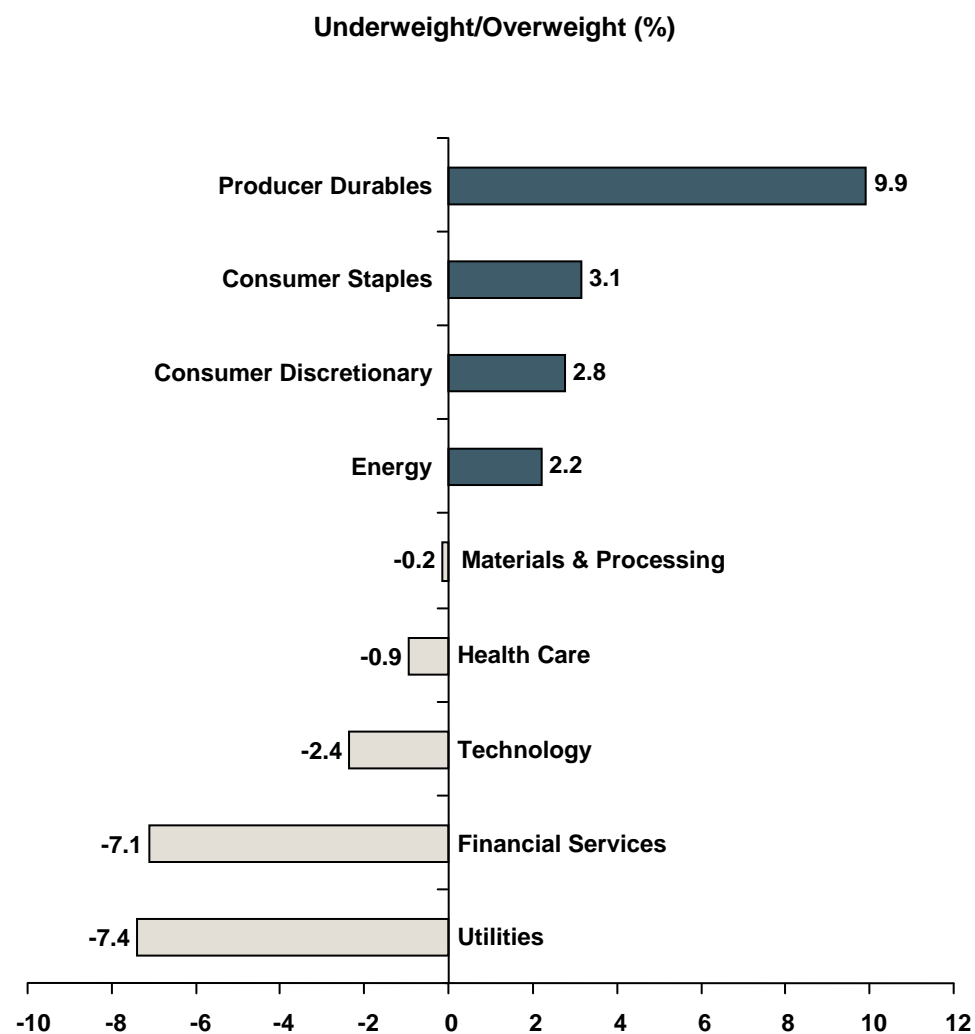
U.S. Small-Mid Cap Core Equity

As of September 30, 2011

KAYNE ANDERSON RUDNICK

INVESTMENT MANAGEMENT

| | Portfolio (%) | Russell 2500™ Index (%) |
|------------------------|---------------|-------------------------|
| Producer Durables | 24.3 | 14.4 |
| Consumer Staples | 6.5 | 3.4 |
| Consumer Discretionary | 17.4 | 14.6 |
| Energy | 7.9 | 5.7 |
| Materials & Processing | 7.8 | 8.0 |
| Health Care | 10.1 | 11.0 |
| Technology | 10.6 | 13.0 |
| Financial Services | 15.4 | 22.5 |
| Utilities | — | 7.4 |



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 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. Small-Mid Cap Core Equity — As of September 30, 2011

KAYNE ANDERSON RUDNICK

INVESTMENT MANAGEMENT

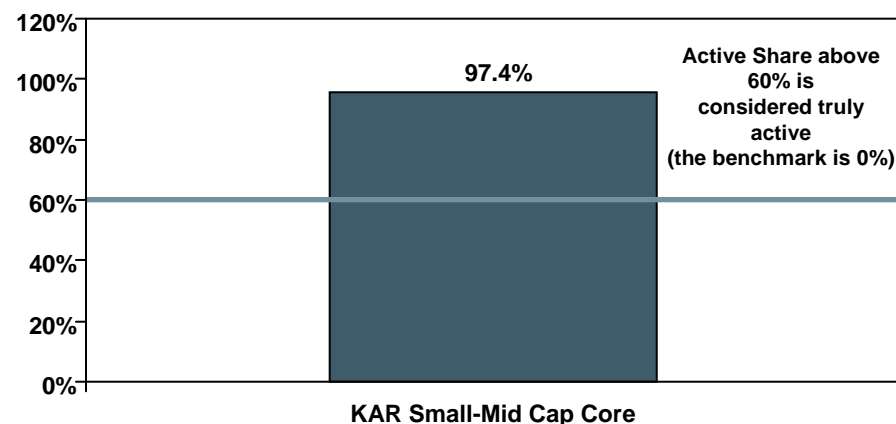
Research confidence leads to large active weights

| Top 10 Holdings | Russell Sector | % of Portfolio |
|-------------------------|------------------------|----------------|
| Church & Dwight | Consumer Staples | 6.5 |
| Landstar System | Producer Durables | 5.4 |
| John Wiley & Sons | Consumer Discretionary | 5.3 |
| Jack Henry & Associates | Financial Services | 4.3 |
| World Fuel Services | Energy | 4.3 |
| Copart | Producer Durables | 4.3 |
| MSC Industrial Direct | Producer Durables | 4.1 |
| Sirona Dental Systems | Health Care | 3.9 |
| Donaldson | Producer Durables | 3.9 |
| Ross Stores | Consumer Discretionary | 3.8 |

The strategy benefits from diversification while still taking significant active positions

| | KAR Small-Mid Cap Core | Russell 2500™ Index |
|--------------------------------|------------------------|---------------------|
| # of Holdings | 31 | 2,447 |
| Average Position Size (%) | 3.5 | 0.04 |
| Weight of Top Ten Holdings (%) | 45.8 | 2.7 |

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



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

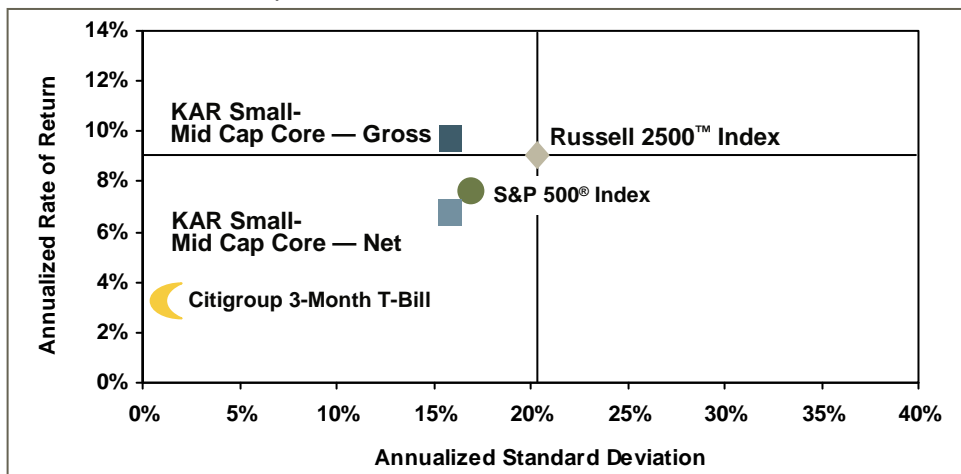
Data is obtained from FactSet Research Systems and is assumed to be reliable. A complete list of portfolio holdings and specific security transactions for the preceding 12 months is available upon request. Portfolio holdings are subject to change. The sector information represented above is based on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

Strong Risk-Adjusted Returns Driven by Strong Stock Selection

U.S. Small-Mid Cap Core Equity — Periods Ending September 30, 2011

Meaningful Returns with Lower Volatility

Annualized Since Inception*

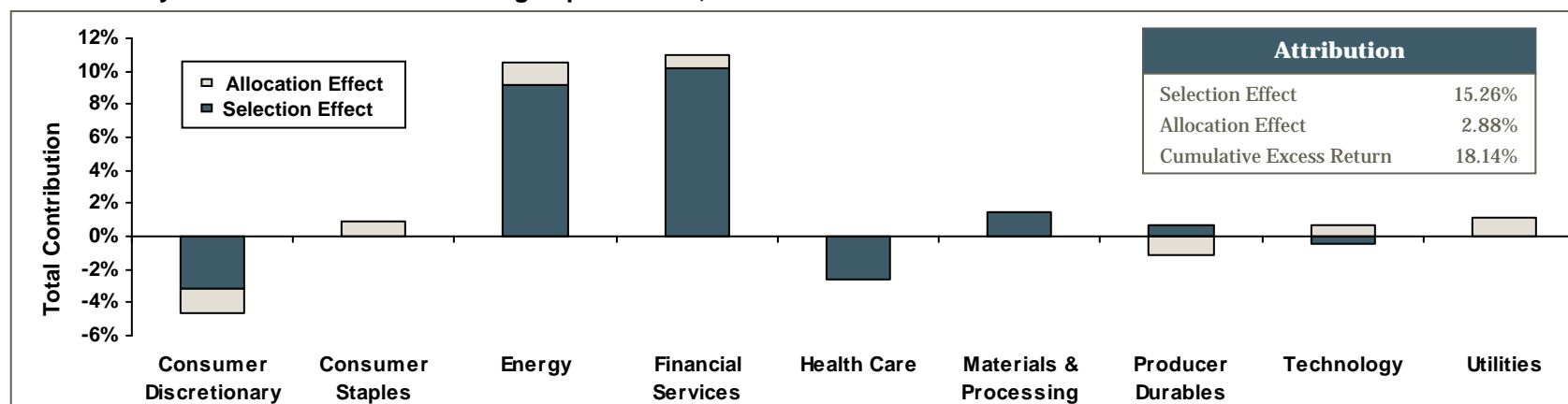


Strong Risk-Adjusted Performance Metrics

Annualized Since Inception*

| Summary Statistics | KAR Small-Mid Cap Core | Russell 2500™ Index |
|-------------------------|------------------------|---------------------|
| Alpha | 2.12 | 0.00 |
| Sharpe Ratio | 0.40 | 0.29 |
| Standard Deviation | 15.92 | 20.32 |
| Semi-Standard Deviation | 11.78 | 15.01 |
| Beta | 0.69 | 1.00 |
| Tracking Error | 9.68 | 0.00 |

Attribution by Sector — Three Years Ending September 30, 2011



| Attribution | |
|--------------------------|--------|
| Selection Effect | 15.26% |
| Allocation Effect | 2.88% |
| Cumulative Excess Return | 18.14% |

*April 1, 1992

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. Small-Mid Cap Core Equity

Annualized Performance

| Periods Ending 9/30/11 | Gross (%) | Net (%) | Index (%) | Excess Return (bps) |
|------------------------|-----------|---------|-----------|---------------------|
| 1 Year | 8.63 | 5.77 | -2.22 | 1085 |
| 3 Years | 7.12 | 4.82 | 2.25 | 487 |
| 5 Years | 2.27 | 0.24 | 0.19 | 208 |
| 7 Years | 5.01 | 2.72 | 4.19 | 82 |
| 10 Years | 5.08 | 2.53 | 7.08 | -200 |
| Since Inception* | 9.68 | 6.75 | 9.07 | 61 |

Calendar Year Performance

| Periods Ending 12/31 | Gross (%) | Net (%) | Index (%) | Excess Return (bps) |
|----------------------|-----------|---------|-----------|---------------------|
| 2010 | 19.91 | 17.38 | 26.71 | -680 |
| 2009 | 31.12 | 28.86 | 34.39 | -327 |
| 2008 | -29.90 | -31.33 | -36.79 | 689 |
| 2007 | 0.26 | -1.37 | 1.38 | -112 |
| 2006 | 14.04 | 11.75 | 16.17 | -213 |
| 2005 | 3.24 | 0.14 | 8.10 | -486 |
| 2004 | 13.69 | 10.26 | 18.29 | -460 |
| 2003 | 25.54 | 21.91 | 45.51 | -1997 |
| 2002 | -17.31 | -19.84 | -17.79 | 48 |
| 2001 | 4.57 | 1.53 | 1.22 | 335 |
| 2000 | 23.47 | 19.85 | 4.27 | 1920 |
| 1999 | 7.02 | 3.93 | 24.15 | -1713 |
| 1998 | 20.98 | 17.42 | 0.38 | 2060 |
| 1997 | 21.00 | 17.45 | 24.36 | -336 |
| 1996 | 26.98 | 23.22 | 19.02 | 796 |
| 1995 | 18.57 | 15.07 | 31.70 | -1313 |
| 1994 | 2.75 | -0.26 | -1.06 | 381 |
| 1993 | 20.00 | 16.54 | 16.54 | 346 |
| 1992 [†] | 9.65 | 7.25 | 11.36 | -171 |

*April 1, 1992

[†]Performance for 1992 is for nine months only.

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

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 30 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 30 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 24 years of experience in the investment management industry, including 22 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, a Portfolio Manager for the Small and Mid Cap Equity Portfolios, and a member of the Executive Management Committee. He has approximately 30 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 25 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.



Julie Kutasov is a Portfolio Manager and a Senior Research Analyst with primary research responsibilities for the small and mid-capitalization producer-durables and financials 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 10 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 Stone is a Portfolio Manager and a Senior Research Analyst with primary research responsibilities for the small and mid-capitalization producer-durables and energy sectors. He has approximately 22 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 health-care sector. 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 12 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.



Jon K. Christensen, CFA, is a Senior Research Analyst with primary research responsibilities for the small and mid-capitalization consumer sectors. Before joining Kayne Anderson Rudnick in 2001, Mr. Christensen was a Portfolio Manager and Senior Research Analyst for Doheny Asset Management and has approximately 16 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 Thrasher, CFA, is a Research Analyst with primary research responsibilities for the small and mid-capitalization financials, producer-durables, and utilities sectors. 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 six 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.



Gregory Toppe, CFA, is a Research Analyst with primary research responsibilities for the small and mid-capitalization materials and processing, producer durables, and technology sectors. Before joining Kayne Anderson Rudnick in 2008, Mr. Toppe worked at Mt. Eden Investment Advisors as an Equity Analyst and at Fisher Investments as a Research Analyst and Portfolio Specialist for the institutional group. He has approximately 11 years of equity research experience. Mr. Toppe earned a B.A. in History from Marquette University, a B.B.A. in Finance from the University of Wisconsin, Milwaukee, and an M.B.A. from the University of Wisconsin, Madison, where he participated in the Applied Security Analysis Program. Mr. Toppe is a Chartered Financial Analyst charterholder.

Biographies

Institutional Client Services Team



Daniela Bailly is Director – Consultant Relations. She has approximately 16 years of experience in the investment management industry. Before rejoining Kayne Anderson Rudnick in 2009, Ms. Bailly was Vice President of Marketing at Bjurman, 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.



Stephanie Gillman is Director – Institutional Client Services. Ms. Gillman has approximately 18 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, CIMA, CIMC, is Director – Institutional Sales North America. He has approximately 21 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. Mr. Reed earned the Certified Investment Management Analyst (CIMA) designation from the Wharton School at the University of Pennsylvania and the Certified Investment Management Consultant (CIMC) designation from George Washington University.

Disclosure

U.S. Small-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 Small-Mid Cap Core portfolios (including cash) under management for at least one full quarter. Small-Mid Cap Core portfolios are invested in equity securities with market capitalizations consistent with the Russell 2500™ 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 2500™ Index. The Russell 2500™ Index is a market capitalization-weighted index 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 composite was created in July 2000. 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, 2000, the Small-Mid Cap Core Wrap composite calculations have been linked to the firm's Small Cap Core Wrap composite performance, which represents all fully discretionary Small Cap Core Wrap portfolios (including cash) under management for at least one full quarter. For periods prior to October 1, 1995, the Small Cap Core Wrap composite calculations have been linked to the firm's Small Cap Core actual historical non-wrap fee composite performance. The minimum account size for the Small-Mid Cap Core non-wrap fee composite was \$250,000. Beginning on October 1, 1995, 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 October 1, 1995, pure gross returns do not reflect the deduction of any expenses, including trading costs. From April 1, 1992 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 2500™ Index Annual Return (%) | Annual Standard Deviation (%) |
|------|---------------------------------|--------------------------------------|--|----------------------|-------------------------------|-----------------------|---------------------------------------|-------------------------------|
| 2001 | 8,384 | 135 | 100% | 404 | 4.57 | 1.53 | 1.22 | 0.68 |
| 2002 | 8,612 | 100 | 100% | 356 | (17.31) | (19.84) | (17.79) | 0.58 |
| 2003 | 10,262 | 108 | 100% | 266 | 25.54 | 21.91 | 45.51 | 0.88 |
| 2004 | 10,320 | 118 | 100% | 217 | 13.69 | 10.26 | 18.29 | 0.32 |
| 2005 | 8,533 | 83 | 100% | 157 | 3.24 | 0.14 | 8.10 | 0.24 |
| 2006 | 6,523 | 1,006 | 100% | 139 | 14.04 | 11.75 | 16.17 | 0.16 |
| 2007 | 5,392 | 738 | 100% | 92 | 0.26 | (1.37) | 1.38 | 0.28 |
| 2008 | 3,445 | 309 | 100% | 76 | (29.90) | (31.33) | (36.79) | 0.29 |
| 2009 | 4,010 | 342 | 100% | 64 | 31.12 | 28.86 | 34.39 | 0.64 |
| 2010 | 4,729 | 316 | 100% | 58 | 19.91 | 17.38 | 26.71 | 0.35 |

*Beginning October 1, 1995, pure gross returns are supplemental to net returns.

The Russell 2500™ Index is a trademark/service mark of Frank Russell Company. Russell® is a trademark of Frank Russell Company.