

Small-Mid Cap Core Portfolio

Fourth Quarter 2011 Review

*A Focus on Quality Since 1984
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Portfolio Review

- Investment Objectives
- Performance and Attribution
- Purchases and Sales
- Portfolio Characteristics
- Performance

Market Outlook

How Are We Different?

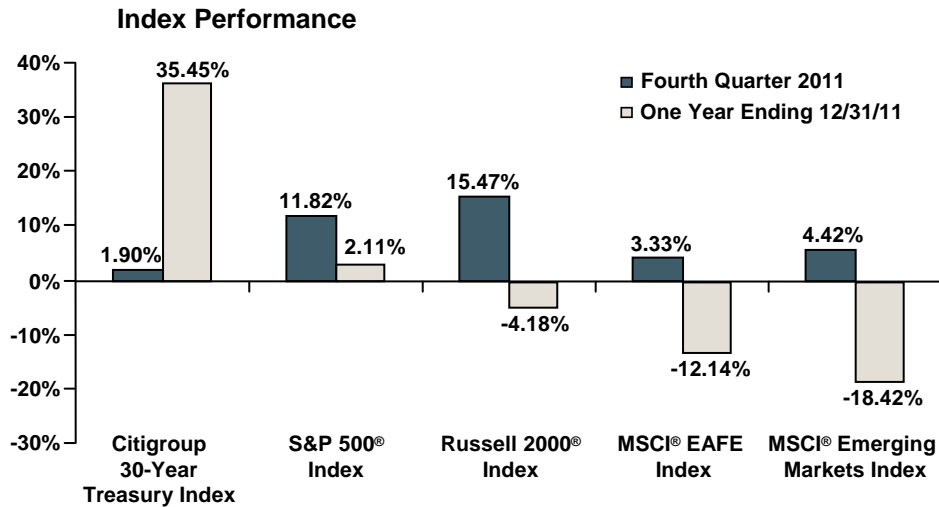
We Manage Risk and Generate Returns Differently

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 2 years of negative returns since 1992 <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% 4 years of negative returns since 1992
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 December 31, 2011. Past performance is no guarantee of future results. Statistics provided are calculated from the portfolio inception date of April 1, 1992.

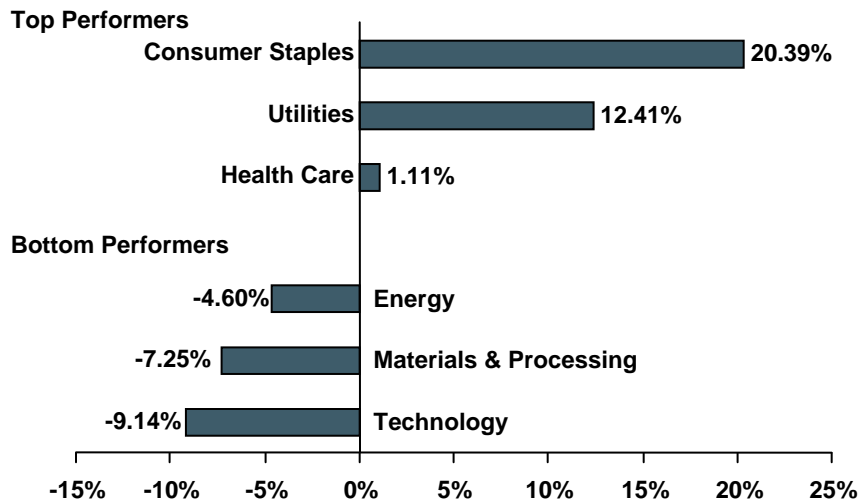
Market Review

One Year Ending December 31, 2011



- Equity markets generated positive returns in the fourth quarter but were flat to negative for the full year as markets remained volatile due to concerns regarding sovereign debt issues in Europe, slowing growth in emerging economies, domestic political polarization, and continued elevated unemployment levels.

Sector Performance – Russell 2500™ Index



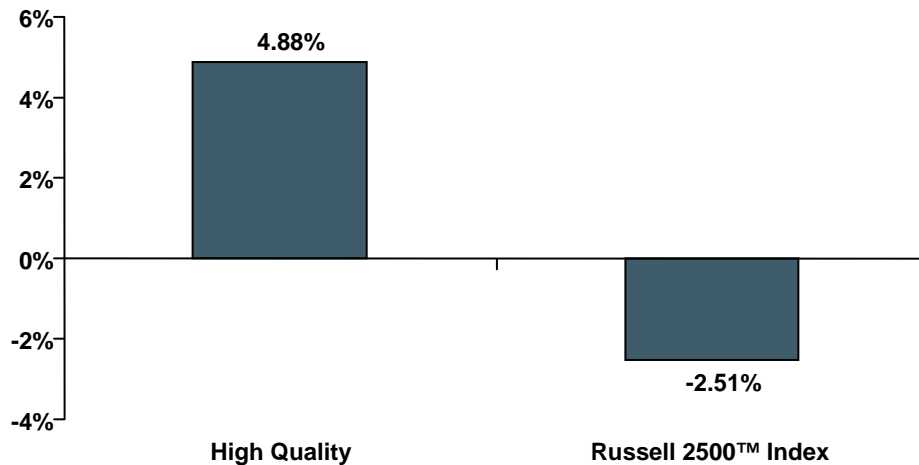
- For the full year, more defensive sectors outperformed more cyclical sectors further emphasizing investor concern regarding the economic outlook.

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Market Review

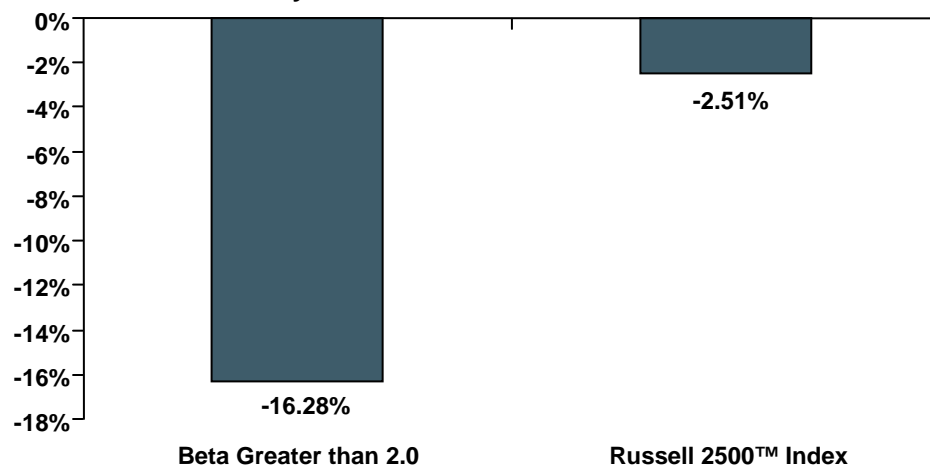
One Year Ending December 31, 2011

Performance by Quality – Russell 2500™ Index



- Higher quality companies, as measured by S&P Quality Rankings of B+ and above, outperformed the overall market in 2011.

Performance by Risk – Russell 2500™ Index



- Riskier companies, as measured by beta, underperformed the overall market for the full year, indicating investor preference for removing risk from their portfolios.

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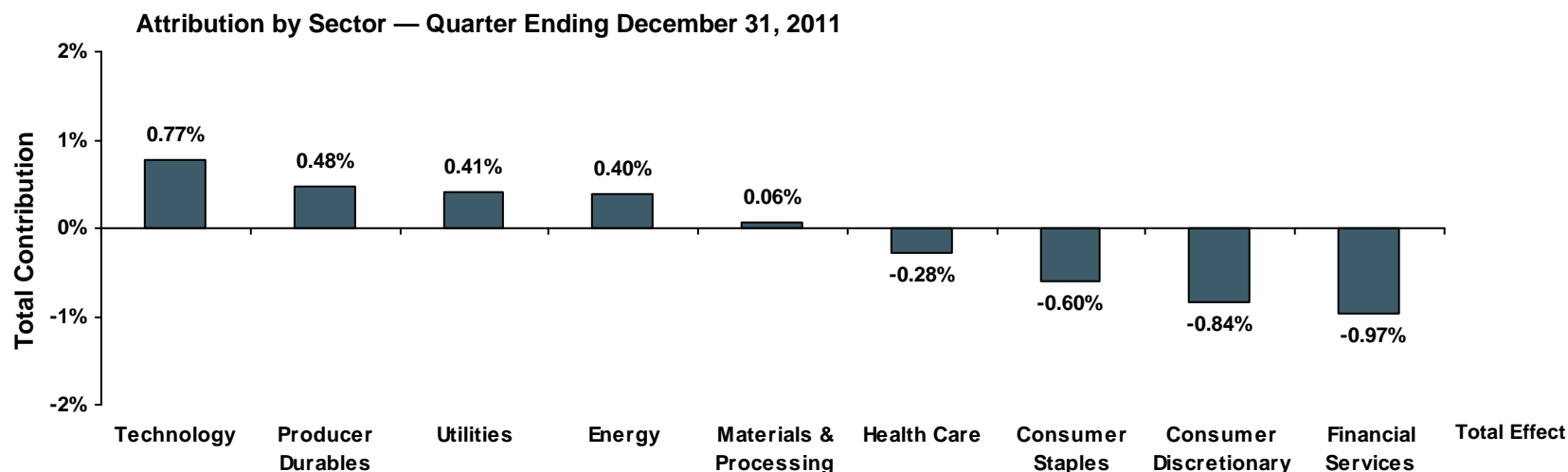
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Quarterly Performance Overview

U.S. Small-Mid Cap Core Equity
Period Ending December 31, 2011

KAYNE ANDERSON RUDNICK

INVESTMENT MANAGEMENT



	Technology	Producer Durables	Utilities	Energy	Materials & Processing	Health Care	Consumer Staples	Consumer Discretionary	Financial Services	Total Effect
Russell 2500™ Returns	10.33%	19.37%	9.48%	23.93%	15.96%	11.30%	10.05%	14.59%	14.80%	14.52%
KAR Returns	17.56%	20.00%	0.00%	26.14%	16.95%	7.68%	3.94%	9.58%	7.74%	13.33%
KAR Selection Effect	0.65%	0.02%	0.00%	0.14%	0.06%	-0.32%	-0.44%	-0.86%	-0.94%	-1.68%
KAR Allocation Effect	0.12%	0.46%	0.41%	0.26%	0.00%	0.04%	-0.16%	0.02%	-0.03%	1.11%

Monthly and Quarterly Returns				
	October	November	December	Fourth Quarter
KAR Small-Mid Cap Core — Gross	12.93%	0.38%	-0.03%	13.33%
KAR Small-Mid Cap Core — Net	12.18%	0.38%	-0.03%	12.57%
Russell 2500™ Index	14.66%	-0.35%	0.23%	14.52%

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Returns for the Kayne Anderson Rudnick composite are preliminary. For further details on the composite, please see the disclosure statement in this presentation.

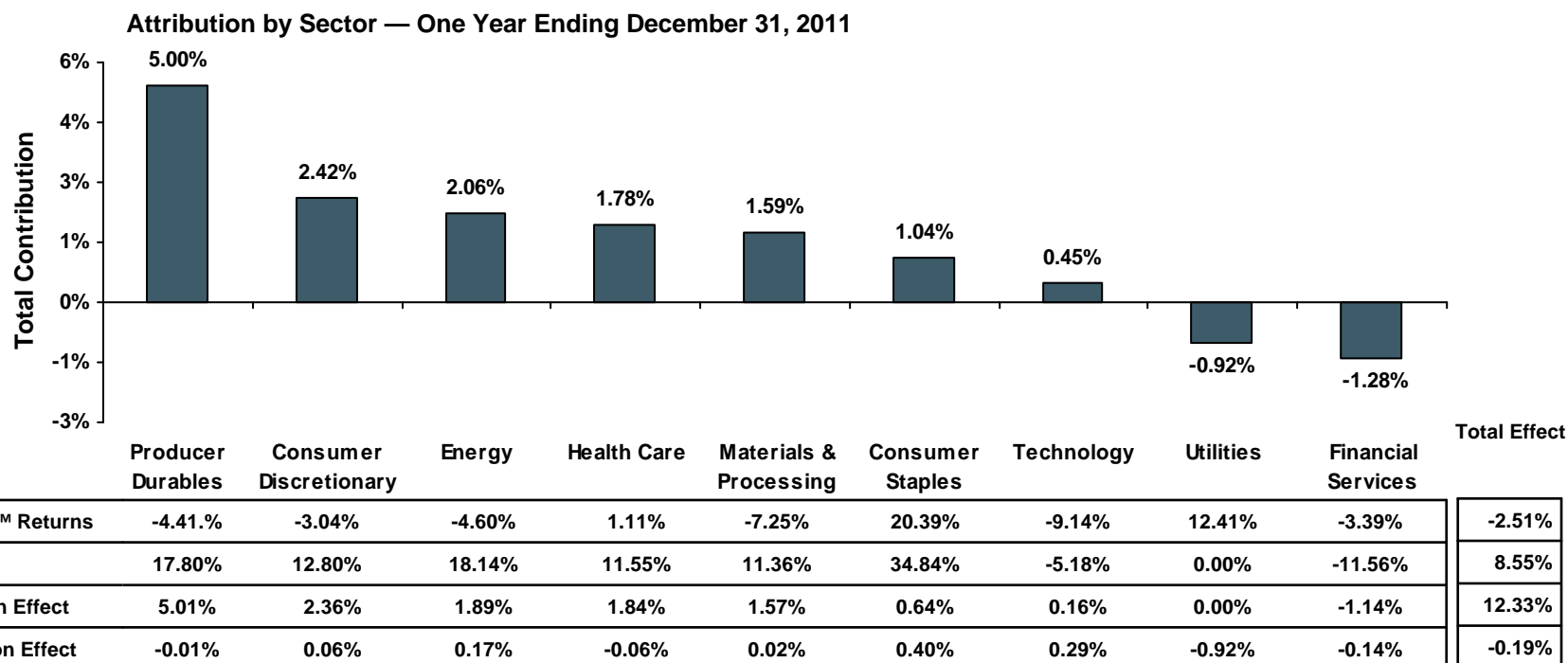
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Annual Performance Overview

U.S. Small-Mid Cap Core Equity
Period Ending December 31, 2011

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Quarterly and Year to Date Returns					
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Year to Date
KAR Small-Mid Cap Core — Gross	10.35%	-0.91%	-12.40%	13.33%	8.55%
KAR Small-Mid Cap Core — Net	9.69%	-1.51%	-12.98%	12.57%	5.83%
Russell 2500™ Index	8.70%	-0.59%	-21.22%	14.52%	-2.51%

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Highest Contributors

U.S. Small-Mid Cap Core Equity
Quarter Ending December 31, 2011

KAYNE ANDERSON RUDNICK

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SECURITY	CONTRIBUTION	COMMENTS
World Fuel Services	+1.28%	World Fuel saw volumes increase both sequentially and year-over-year across all three business segments in the quarter. The company is gaining share in this volatile oil-price market and the strength of its balance sheet has been a major factor.
MSC Industrial Direct	+1.11%	In the just concluded fiscal year, MSC Industrial Direct delivered record levels of profitability on an absolute basis with operating margins near record levels. The company continues to add new products to its catalog with nearly 50% of new products added being MSC proprietary brands.
Landstar System	+1.11%	During the quarter, Landstar System reported strong earnings results that exceeded analyst expectations and issued fourth quarter guidance that was also above consensus.

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Lowest Contributors

U.S. Small-Mid Cap Core Equity
Quarter Ending December 31, 2011

KAYNE ANDERSON RUDNICK

INVESTMENT MANAGEMENT

SECURITY	CONTRIBUTION	COMMENTS
Federated Investors	-0.39%	A portion of Federated Investors' money market business (prime money market) has significant exposure to the European debt crisis through short-term loans made to large European banks. As this crisis escalated, it negatively affected Federated's stock price. While we do not view this exposure favorably, we believe the valuation of Federated ascribes no value to this portion of their business and are therefore comfortable holding the shares.
Cherokee	-0.12%	Cherokee saw its shares decline in the quarter after posting lower royalty revenues from its European partner, Tesco. While sales at Target have been on the upswing, Tesco has been impacted by the overall volatile economic picture in Europe as well as Tesco's own internal issues. The company has been aggressive in hiring new talent from the likes of Target and Coach to build further product penetration in retail.
Stericycle	-0.04%	While growth and profitability are still increasing, Stericycle has seen its shares underperform due to the high near-term valuations. We trimmed our position in Q2 when the stock was trading at all-time highs. While long-term the company should be able to sustain its double-digit EPS growth rate, organic growth rate is likely to be mid-to-high single-digit. Increasingly, the company is expanding internationally through acquisitions.

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Highest Contributors

U.S. Small-Mid Cap Core Equity
One Year Ending December 31, 2011

KAYNE ANDERSON RUDNICK

INVESTMENT MANAGEMENT

SECURITY	CONTRIBUTION	COMMENTS
Church & Dwight	+1.66%	Church & Dwight saw its shares increase this year after posting solid organic growth rates over the year driven by volume gains and increased market share. The company's multi-brand strategy and key role in the value segment in the consumer space also produced tailwinds.
Ross Stores	+1.48%	Shares of Ross were strong this year as the company experienced solid and consistent quarterly same-store sales driven by higher transactions and greater average tickets. Lower markdowns and cost leverage due to solid comps drove strong gross margins. The discount segment of retail has benefited from the slow economic recovery. The Ross model has shown it can grow in lean times as well as recovery.
Immucor	+1.42%	Shares of Immucor rose following the announcement that the company agreed to be acquired as part of a private equity transaction.

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Lowest Contributors

U.S. Small-Mid Cap Core Equity
One Year Ending December 31, 2011

KAYNE ANDERSON RUDNICK

INVESTMENT MANAGEMENT

SECURITY	CONTRIBUTION	COMMENTS
Federated Investors	-1.91%	The money market business was negatively impacted by a number of factors during 2011, including the current low level of interest rates as the company has been waiving management fees to maintain positive or zero yields for investors. In the third quarter, the Federal Reserve indicated plans to keep interest rates at this exceptionally low level until mid-2013. In addition to this disappointing development, the money market business faces regulatory uncertainty and risks due to exposure to debt issued by European banks. While collectively these issues have diminished our assessment of Federated, the valuation places little if any value on their money market business. Given the discounted valuation and our belief that the business is still fundamentally sound, we continue to hold the shares.
Dolby Laboratories	-1.61%	Dolby Laboratories' stock suffered as the competitive landscape changed for the worse in cinemas and computers. Due to these concerns, we sold the stock during the course of the year.
Cherokee	-0.89%	Cherokee saw its shares decline this year after seeing lower royalty revenues from its European partner, Tesco. While sales at Target have been on the upswing, Tesco has been impacted by the overall volatile economic picture in Europe as well as Tesco's own internal issues. Cherokee has been aggressive in hiring new talent from the likes of Target and Coach to build further product penetration in retail.

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Purchases

U.S. Small-Mid Cap Core Equity
Quarter Ending December 31, 2011

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PURCHASES	DESCRIPTION/REASONS
Wolverine World Wide—Initiated Position	Wolverine World Wide engages in manufacturing, sourcing, marketing, licensing, and distributing branded casual, active lifestyle, work, outdoor sport, and uniform footwear, apparel, and accessories. Its footwear product lines include casual shoes, boots, uniform shoes, work shoes, rugged outdoor footwear, and sandals. It also offers casual, rugged outdoor, and work apparel products.
Eaton Vance—Increased Position	Eaton Vance's shares declined driven by an overall decline in the broader equity markets as well as relative underperformance (and consequently investor fund outflows) in one of the company's larger (Large Cap Value) products. Although monitoring the Large Cap Value product's performance and asset-flow trends closely, we do not believe that Eaton Vance's underlying competitive positioning or long-term outlook has changed meaningfully as a result of these events. Importantly, the company is a consistent solid free-cash-flow stream generator with 31 consecutive years of dividend payment increases and a history of sizeable opportunistic share repurchases. With the company's solid brand equity, scalable business model, diversified well-balanced product offering, broad multi-channel distribution platform, consistent stellar profitability, and with the shares attractively priced at the very bottom of the historic range, we increased our position in the company.
Sirona Dental Systems—Increased Position	Sirona's share price declined in conjunction with the decline in the broader equity markets and due to the company's exposure to European economies where sovereign debt and financial system worries have intensified. We do not believe that the company's underlying competitive position or long-term outlook has changed meaningfully due to these recent events and, with the shares attractively priced, we increased our holding.

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New Position

U.S. Small-Mid Cap Core Equity
Quarter Ending December 31, 2011

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Wolverine World Wide (WWW)

- Wolverine World Wide offers its products under various brands, including Bates, Cat Footwear, Chaco, Cushe, Harley-Davidson Footwear, Hush Puppies, HyTest, Merrell, Patagonia Footwear, Sebago, Soft Style, and Wolverine. The company sells its products to a range of retail customers, which comprise department stores, national chains, catalogs, specialty retailers, mass merchants, Internet retailers, governments, and municipalities in the United States, Canada, and approximately 10 countries in Europe. It also markets its products worldwide in approximately 190 countries and territories through company-owned wholesale operations, licensees, and distributors. It owns and operates 90 retail stores in the United States, Canada, and the United Kingdom, and operates 45 consumer-direct websites.
- The footwear industry has been more economic resilient and more price inflationary versus the deflationary, fashion-driven apparel space. The pricing power that Wolverine has through its strong brands allows it to pass-through commodity increases. This, combined with the non-fashion part of the footwear industry being more economic resilient, lends itself to sustained growth over the long run.
- Wolverine has had a strong stable of global diverse brands at various points of their lifecycle. The company's various brands with exposure to areas such as outdoor, workplace, and some fashion allows for diverse growth over the long term and less downside risk should one area exhibit weakness. The outdoor segment within sporting goods is expected to grow faster than the general retail space for the next 3 to 5 years.
- The company has executed efficiently in developing new brands and product extensions. Through their internal brands and licensed properties (i.e., Patagonia and Harley-Davidson), the company has keenly marketed new brands as well as effectively added them to their distribution channels in the U.S. and globally. The company's third party licensing of their own brands internationally has been lauded as another revenue and margin opportunity.

	QUALITY		GROWTH		VALUE
	5-Year Avg. ROE	Debt Coverage	5-Year Avg. EPS Growth	Capital Generation	Trailing 12-Month P/E Ratio
Wolverine World Wide*	18.2%	N/A	11.8%	15.6%	14.6
Russell 2500™ Index*	11.1%	4.9x	4.8%	9.2%	17.4

*Benchmark data as of September 30, 2011. Company data as of the date that the purchase program was initiated.

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Sales

U.S. Small-Mid Cap Core Equity
Quarter Ending December 31, 2011

SALES	REASONS
Dolby Laboratories—Sold Entire Position	The company has seen its revenue growth opportunity dissipate with proliferation of the Apple iPad, in which Dolby has no content. The introduction of the iPad has taken consumer spending away from the traditional laptop in which Dolby's compression technology had been embedded on both software and hardware. Now that software attachment going forward is jeopardized as well with Microsoft making the decision not to include Dolby codec into the Windows 8 operating systems due out in 2013. Though the company's business model still generates high margin and returns along with a cash rich balance sheet, some of the strength and competitive position reasoning of why we originally purchased the shares is starting to erode.
Church & Dwight—Trimmed Position	Church & Dwight was trading at a premium to its peer group and at the higher end of its valuation range due to delivering solid organic growth and efficient capital allocation. We reduced our overweight position in the stock utilizing the proceeds to fund an addition of another name in the portfolio.

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Portfolio Characteristics

Higher Quality, Stronger, More Consistent Growth, & Better Value
U.S. Small-Mid Cap Core Equity — As of December 31, 2011

KAYNE ANDERSON RUDNICK

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	KAR Small-Mid Cap Core	Russell 2500™ Index
Quality		
Return on Equity—Past 5 Years	22.5%	10.6%
Total Debt/EBITDA	0.9 x	3.8 x
Earnings Variance—Past 10 Years	22.4%	81.8%
S&P Stock Ranking (A+, A, A-, B+)	78.5%	29.1%
Growth		
Earnings Per Share Growth—Past 5 Years	10.3%	3.9%
Earnings Per Share Growth—Past 10 Years	14.1%	9.0%
Dividend Per Share Growth—Past 5 Years	17.0%	2.7%
Dividend Per Share Growth—Past 10 Years	18.9%	6.3%
Capital Generation—{ROE x (1-Payout)}	17.0%	8.8%
Value		
P/E Ratio—Trailing 12 Months	19.6 x	20.2 x
Dividend Yield	1.3%	1.5%
Free Cash Flow Yield [‡]	4.2%	2.2%
Market Characteristics		
\$ Weighted Average Market Cap—4 Qtr. Average	\$3.4 B	\$2.7 B
Largest Market Cap—4 Qtr. Average	\$9.6 B	\$8.9 B
Annualized Standard Deviation—Since Inception*	16.0%	20.4%

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.

*April 1, 1992

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

[‡]Free cash flow data is as of September 30, 2011. Prices are as of December 31, 2011. Excludes financials.

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Sector Weights

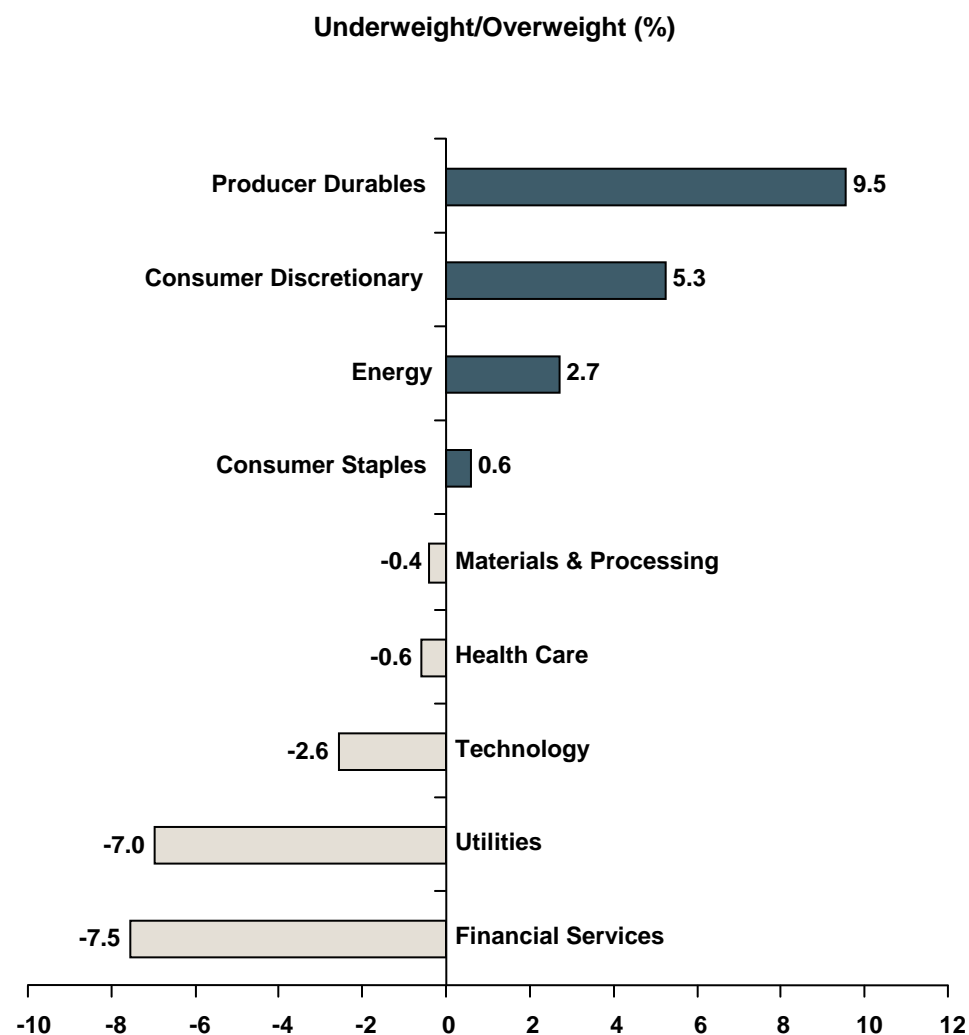
U.S. Small-Mid Cap Core Equity

As of December 31, 2011

KAYNE ANDERSON RUDNICK

INVESTMENT MANAGEMENT

	Portfolio (%)	Russell 2500™ Index (%)
Producer Durables	24.5	15.0
Consumer Discretionary	19.8	14.5
Energy	8.8	6.1
Consumer Staples	3.9	3.3
Materials & Processing	7.7	8.1
Health Care	9.9	10.5
Technology	9.9	12.5
Utilities	—	7.0
Financial Services	15.5	23.0



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Conviction-Driven Investing Provides Opportunities for Excess Return

U.S. Small-Mid Cap Core Equity — As of December 31, 2011

KAYNE ANDERSON RUDNICK

INVESTMENT MANAGEMENT

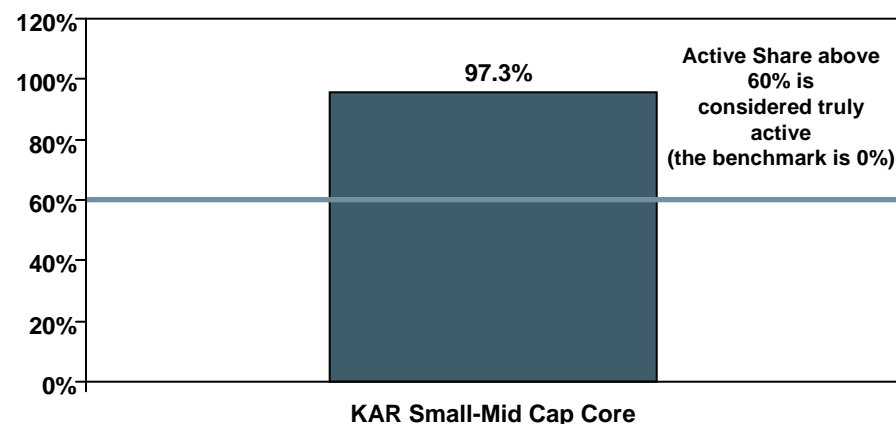
Research confidence leads to large active weights

Top 10 Holdings	Russell Sector	% of Portfolio
Landstar System	Producer Durables	5.1
World Fuel Services	Energy	4.8
John Wiley & Sons	Consumer Discretionary	4.7
Copart	Producer Durables	4.6
MSC Industrial Direct	Producer Durables	4.6
Sirona Dental Systems	Health Care	4.5
Jack Henry & Associates	Financial Services	4.4
Ross Stores	Consumer Discretionary	4.1
Dresser-Rand Group	Energy	4.0
Church & Dwight	Consumer Staples	3.9

The strategy benefits from diversification while still taking significant active positions

	KAR Small-Mid Cap Core	Russell 2500™ Index
# of Holdings	30	2,449
Average Position Size (%)	3.3	0.04
Weight of Top Ten Holdings (%)	44.7	2.9

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



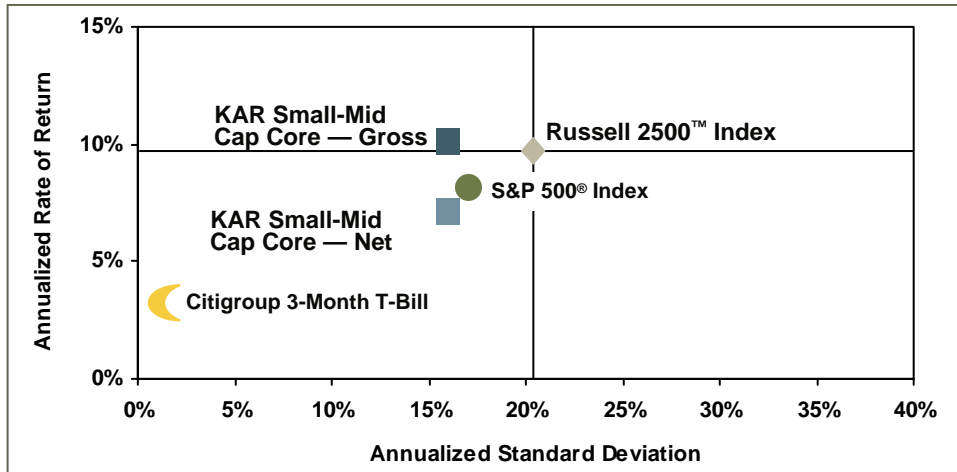
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Strong Risk-Adjusted Returns Driven by Strong Stock Selection

U.S. Small-Mid Cap Core Equity — Periods Ending December 31, 2011

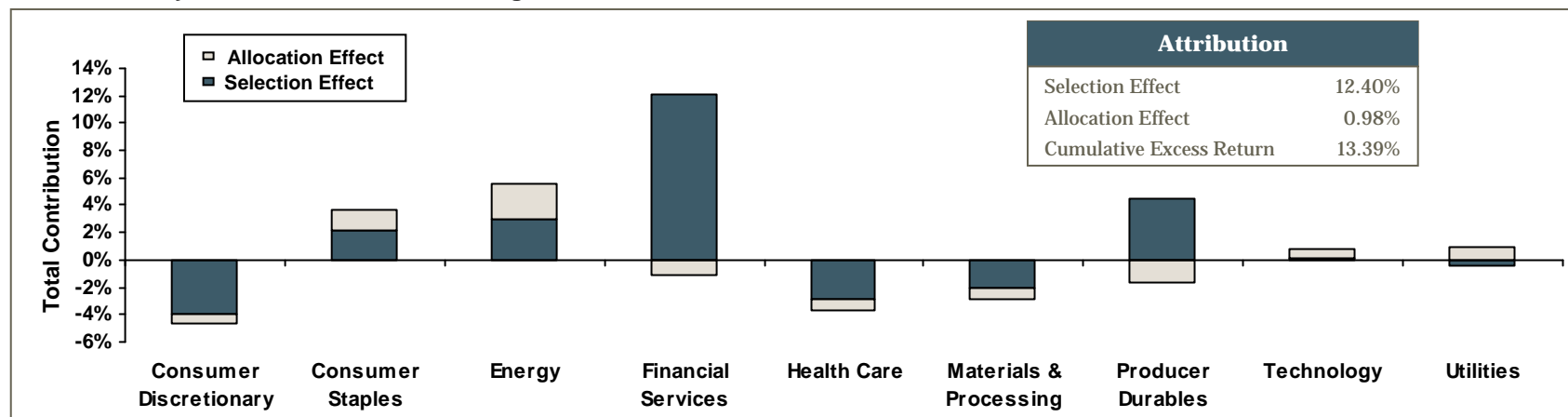
Meaningful Returns with Lower Volatility Annualized Since Inception*



Strong Risk-Adjusted Performance Metrics Annualized Since Inception*

Summary Statistics	KAR Small-Mid Cap Core	Russell 2500™ Index
Alpha	2.23	0.00
Sharpe Ratio	0.44	0.32
Standard Deviation	16.00	20.36
Semi-Standard Deviation	11.85	15.07
Beta	0.70	1.00
Tracking Error	9.62	0.00

Attribution by Sector — Five Years Ending December 31, 2011



*April 1, 1992

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Returns

U.S. Small-Mid Cap Core Equity

Annualized Performance

Periods Ending 12/31/11	Gross (%)	Net (%)	Index (%)	Excess Return (bps)
1 Year	8.55	5.83	-2.51	1106
3 Years	19.50	16.98	18.41	109
5 Years	3.71	1.62	1.24	247
7 Years	5.05	2.80	4.22	83
10 Years	5.24	2.71	6.57	-133
Since Inception*	10.24	7.31	9.70	54

Calendar Year Performance

Periods Ending 12/31	Gross (%)	Net (%)	Index (%)	Excess Return (bps)
2011	8.55	5.83	-2.51	1106
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.

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

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We believe that economic growth for 2012 will be positive, although not robust by historical standards, as excessive fiscal leverage is worked off around the globe.

Overhanging Economic Issues:

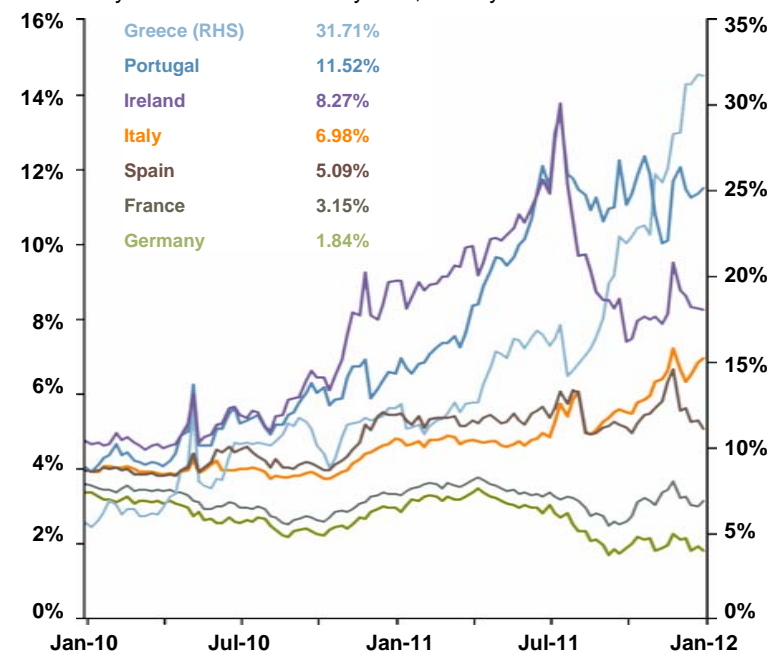
- Sovereign debt issues expanding beyond Greece, Ireland, and Portugal to Spain and Italy and the recognition that European banks need to be recapitalized
- Political polarization in the U.S. creating an uncertain planning environment for small businesses and consumers
- Growth slowdown concerns materializing in emerging markets
- The need for budget deficit reduction, fiscal de-stimulus

Positives for Economic Growth:

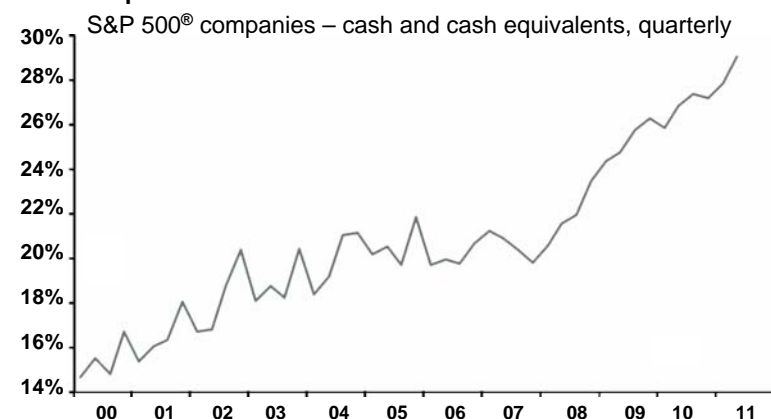
- Corporate cash at all-time highs and looking for investment opportunities
- Consumer balance sheets improved
- Unemployment remains at elevated levels but is improving
- Housing seems to be bottoming or slightly improving
- Capital markets may force European governments to take more significant action to stem the current crisis

Source: FactSet Research Systems, BIS, Bloomberg, Standard & Poor's, J.P. Morgan Asset Management. Data is assumed to be reliable. Past performance is no guarantee of future results.

European Sovereign Funding Costs
10-year benchmark bond yields, weekly



Corporate Cash as a % of Current Assets

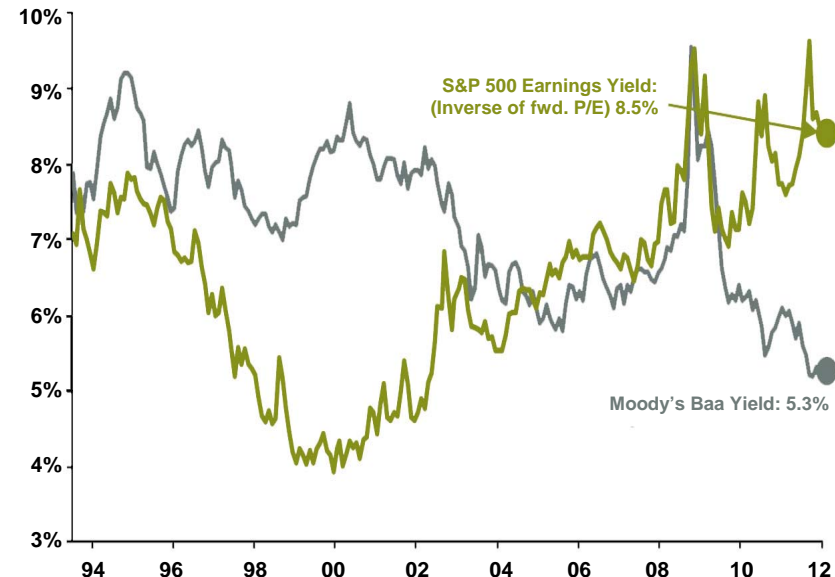


Despite the near-term volatility, we continue to believe that the risk/reward ratio for equities over the long term is favorable on an absolute basis and relative to fixed income.

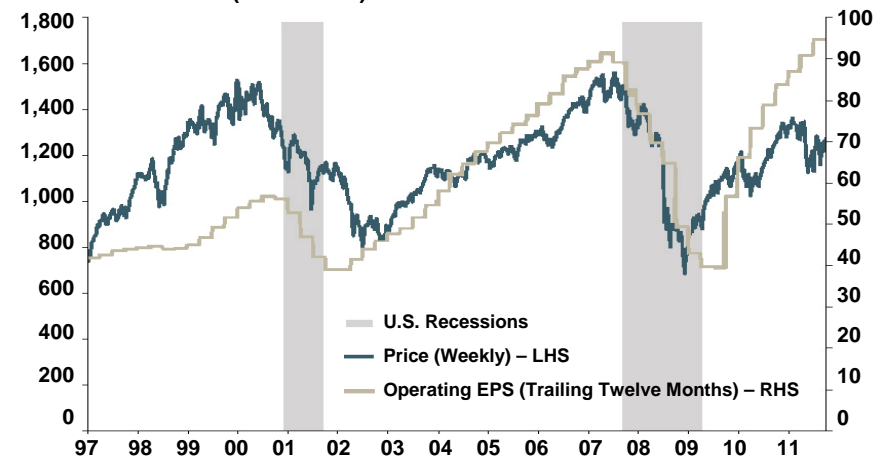
- Equity valuations remain attractive by historic measures both at absolute levels and relative to interest rates
- With S&P 500 earnings hitting a new record in Q3, the S&P 500 Index remains approximately 12% below peak
- With high corporate cash, increased M&A activity creates value for both acquirors and acquirees
- Slack labor and a softening in commodities create profit margin opportunity
- In the modest growth economy we foresee, we believe high-quality businesses with protected markets are a better place to invest than lower quality companies operating in more competitive markets

Source: Investment Strategy Group, Goldman Sachs Global Investment Research, FactSet Research Systems, Standard & Poor's, J.P. Morgan Asset Management, and Moody's. Data is assumed to be reliable. Past performance is no guarantee of future results.

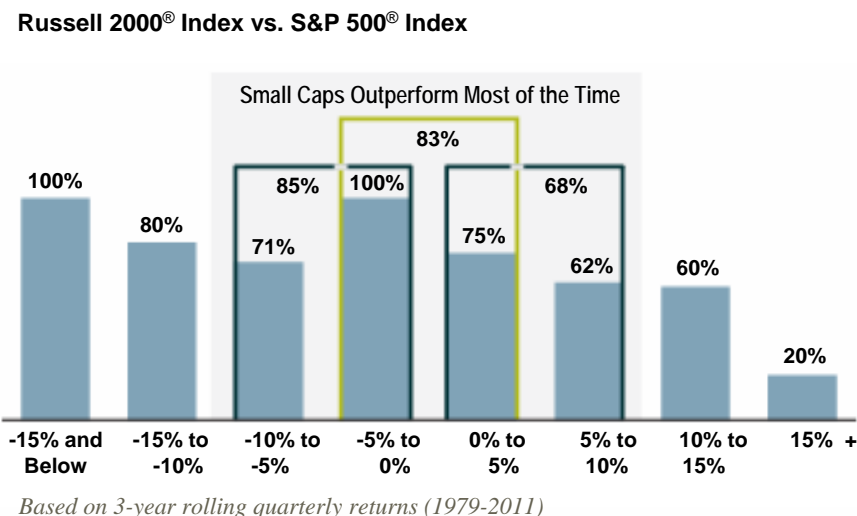
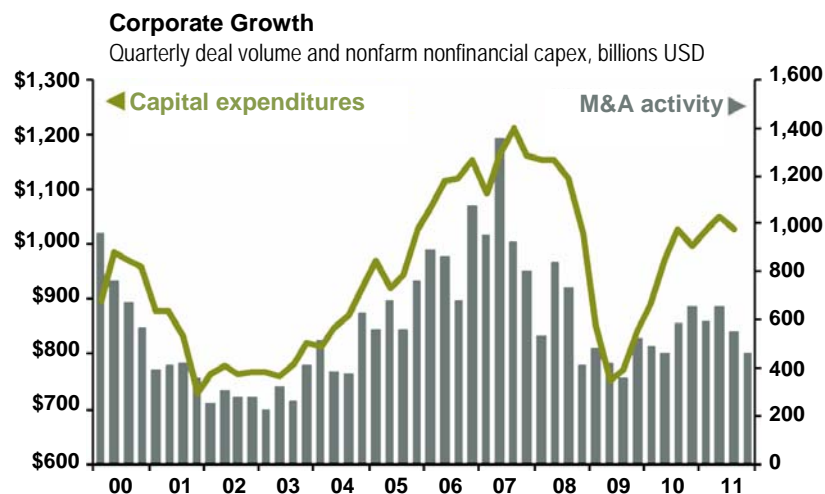
S&P 500® Earnings Yield vs. Baa Bond Yield



S&P 500®: Operating Earnings (Trailing 12 Months) vs. Index Price (1989-4Q11)



- Small companies have historically provided the bulk of the nation's growth
- With corporate cash at record levels, we expect robust M&A activity as businesses “buy growth” through acquisitions
- Low-to-moderate growth environments have been beneficial for small caps with small caps outperforming large caps in 83% of markets experiencing low to moderate gains and losses (-5% to +5%) over the last 30 years
- Despite valuations that are higher than their historical average relative to large-cap stocks, we are able to find attractively valued companies based upon our internal fundamental research



Source: M&A Activity is quarterly number of deals of any value and capital expenditures are for nonfarm nonfinancial corporate business. Virtus Performance Analytics. Data is assumed to be reliable. Past performance is no guarantee of future results.

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 (%)
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
2011 †	5,505	11	100%	41	8.55	5.83	-2.51	0.64

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

†Data is preliminary pending subadvisory data.

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