

Small Cap Quality Value Portfolio

Fourth Quarter 2011 Review

*A Focus on Quality Since 1984
Now Celebrating*



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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 Cap Value Returns, S&P 500® Risk

RISK

KAR Approach	Classic Approach
<ul style="list-style-type: none"> • 20-35 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 1998 <ul style="list-style-type: none"> ▪ 87% 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% • 6 years of negative returns since 1998

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 • 5% 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

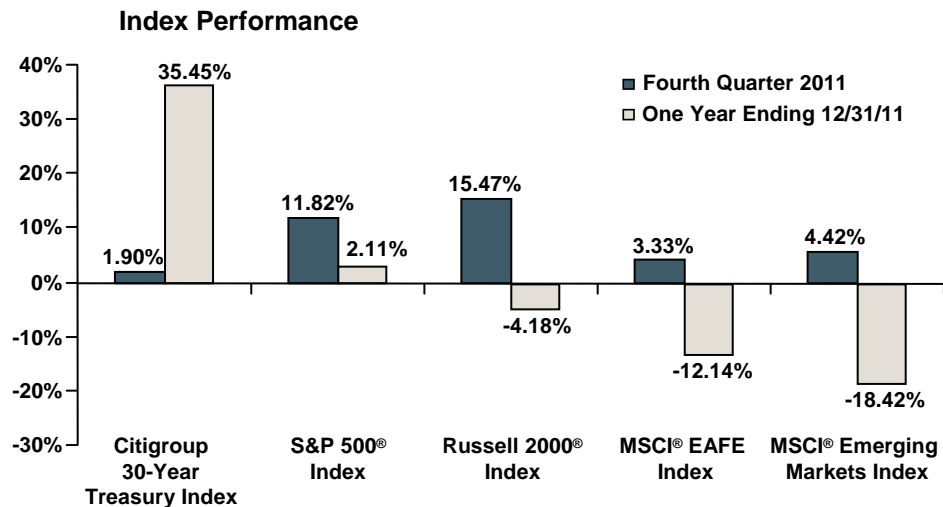
Results: Strong Risk-Adjusted Returns with Higher Alpha and Lower Beta

Data as of December 31, 2011. Past performance is no guarantee of future results.

Statistics provided are calculated from July 1, 1998. The portfolio's actual inception date is June 1, 1998. July 1, 1998 is used for calculation purposes of quarterly information.

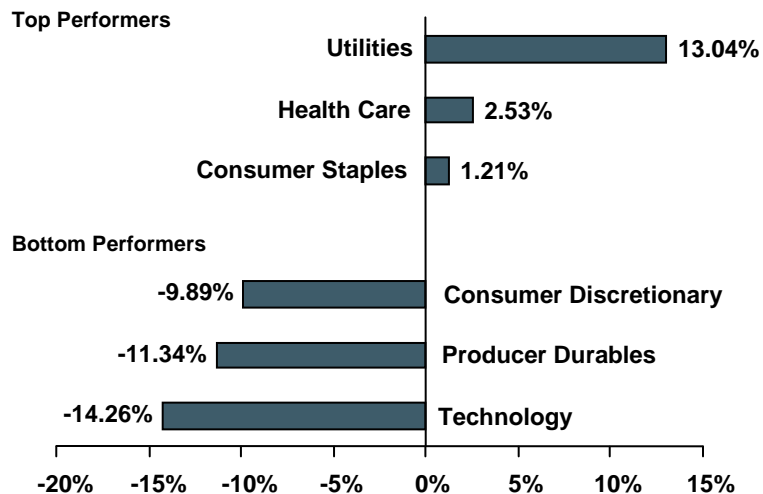
Market Review

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 2000® Value Index



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

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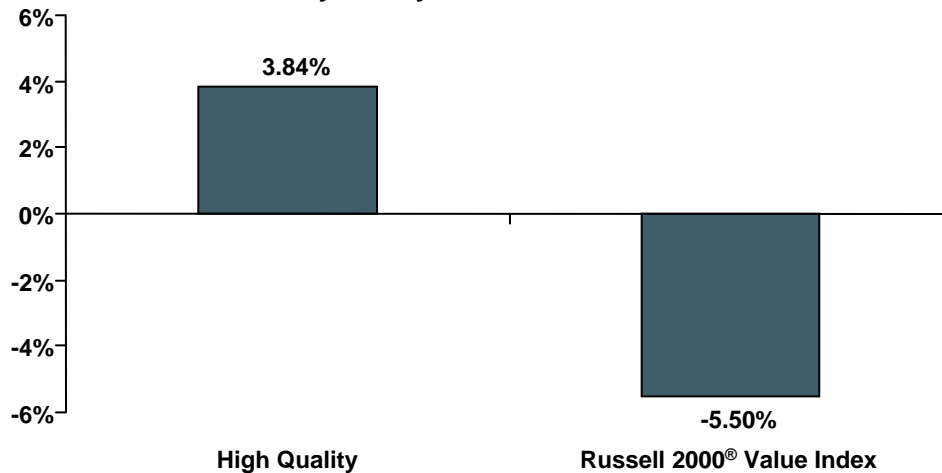
Market Review

One Year Ending December 31, 2011

KAYNE ANDERSON RUDNICK

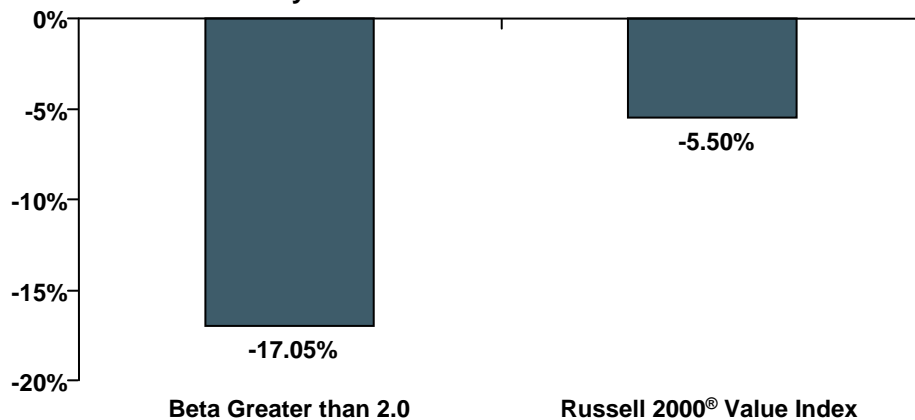
INVESTMENT MANAGEMENT

Performance by Quality – Russell 2000® Value 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 2000® Value 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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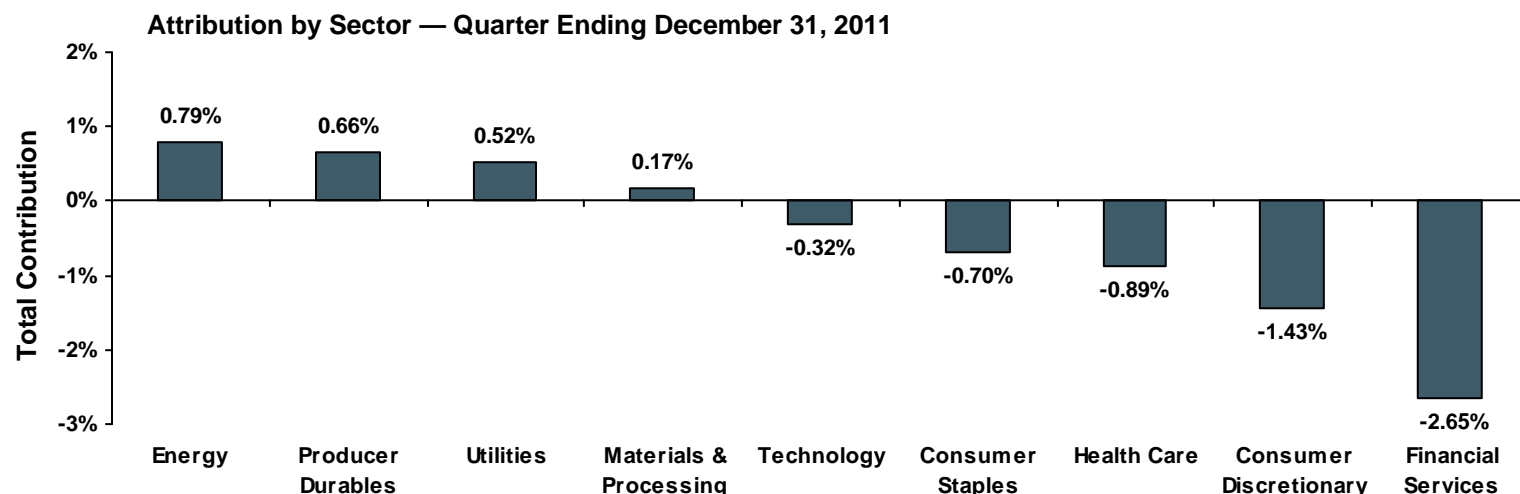
Quarterly Performance Overview

U.S. Small Cap Quality Value Equity

Period Ending December 31, 2011

KAYNE ANDERSON RUDNICK

INVESTMENT MANAGEMENT



Russell 2000® Value Returns	18.86%	18.13%	10.39%	17.76%	12.45%	12.56%	14.35%	17.71%	16.85%	15.97%
KAR Returns	26.60%	21.80%	0.00%	21.53%	7.31%	2.69%	0.32%	7.18%	8.13%	11.80%
KAR Selection Effect	0.63%	0.53%	0.00%	0.17%	-0.37%	-0.54%	-0.85%	-1.48%	-2.57%	-4.49%
KAR Allocation Effect	0.16%	0.13%	0.52%	0.00%	0.05%	-0.16%	-0.04%	0.05%	-0.08%	0.65%

Monthly and Quarterly Returns				
	October	November	December	Fourth Quarter
KAR Small Cap Quality Value — Gross	13.43%	0.42%	-1.85%	11.80%
KAR Small Cap Quality Value — Net	12.68%	0.42%	-1.85%	11.06%
Russell 2000® Value Index	14.41%	-0.20%	1.57%	15.97%

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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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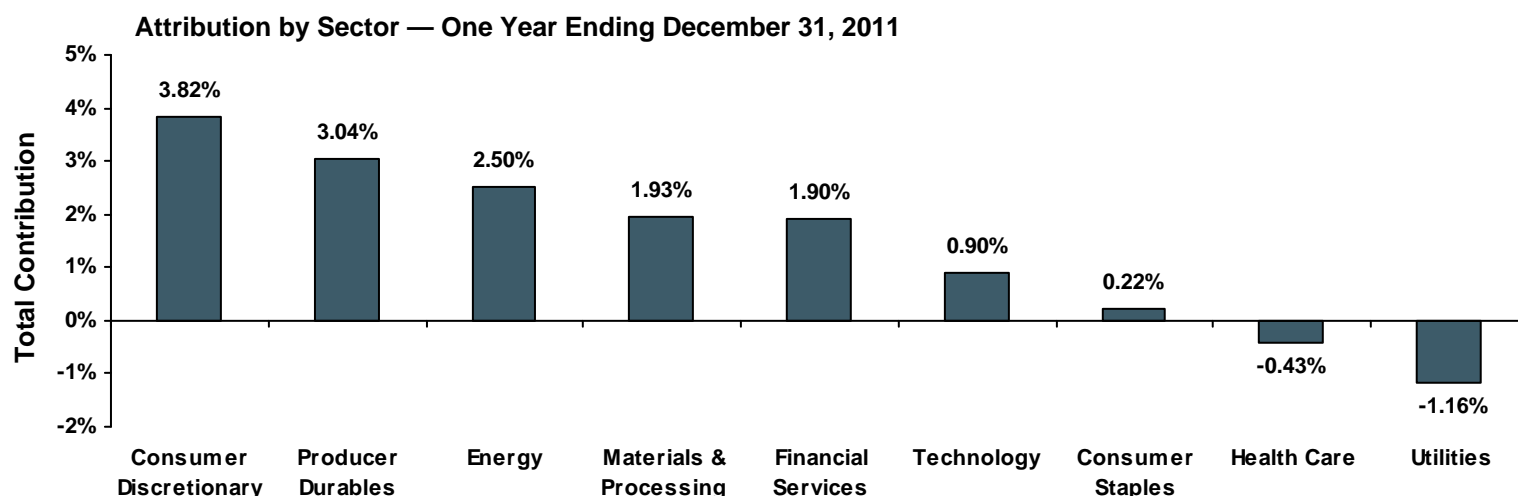
Annual Performance Overview

U.S. Small Cap Quality Value Equity

Period Ending December 31, 2011

KAYNE ANDERSON RUDNICK

INVESTMENT MANAGEMENT



Russell 2000® Value Returns	-9.89%	-11.34%	-8.18%	-7.44%	-3.98%	-14.26%	1.21%	2.53%	13.04%	-5.50%
KAR Returns	16.52%	5.89%	21.01%	17.27%	2.97%	-2.69%	1.91%	-8.58%	0.00%	6.85%
KAR Selection Effect	3.93%	3.15%	2.61%	1.82%	1.94%	0.46%	0.07%	-0.81%	0.00%	13.17%
KAR Allocation Effect	-0.11%	-0.11%	-0.11%	0.11%	-0.04%	0.44%	0.15%	0.38%	-1.16%	-0.37%

Quarterly and Year to Date Returns					
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Year to Date
KAR Small Cap Quality Value — Gross	9.57%	3.20%	-15.47%	11.80%	6.85%
KAR Small Cap Quality Value — Net	9.12%	2.65%	-15.83%	11.06%	4.71%
Russell 2000® Value Index	6.60%	-2.65%	-21.47%	15.97%	-5.50%

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Highest Contributors

U.S. Small Cap Quality Value Equity
Quarter Ending December 31, 2011

KAYNE ANDERSON RUDNICK

INVESTMENT MANAGEMENT

SECURITY	CONTRIBUTION	COMMENTS
World Fuel Services	+1.58%	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. Investors are starting to appreciate the company's business model.
Lincoln Electric Holdings	+1.38%	Lincoln Electric saw double-digit volume increases from all geographies and reported an all-time record in quarterly revenues. While earnings have not fully recovered near prior peak due to international expansion and lower initial margins, return on invested capital is back over 15% and should continue to move higher.
RLI	+1.12%	The stock performed strongly following the company's reports of excellent third quarter 2011 results driven by solid top-line growth and positive operating leverage. These results are particularly impressive as they are achieved despite the company's highly challenging operating environment driven by the ongoing softness in the P&C insurance market and weak general economic conditions. In July 2011, RLI was named to Ward's 50 [®] Top P&C Performers group for the 21 st consecutive year—one of only four P&C insurers to be recognized as Ward's 50 [®] Top P&C Performer every year since the list's inception in 1991.

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Lowest Contributors

U.S. Small Cap Quality Value Equity
Quarter Ending December 31, 2011

KAYNE ANDERSON RUDNICK

INVESTMENT MANAGEMENT

SECURITY	CONTRIBUTION	COMMENTS
First Cash Financial Services	-0.78%	The stock suffered along with those of industry peers due to investor concerns over declining gold prices. First Cash Financial reported excellent third-quarter results, driven by robust top-line growth and solid profitability improvement. First Cash boasts a healthy (nearly debt-free) balance sheet and the company remains a solid free-cash-flow generator despite its robust de novo expansion activity. First Cash's operations in Mexico provide the company with both an attractive sustainable top-line growth engine and profitability enhancement opportunity. Importantly, the majority of its Mexican locations are full-service (hard goods and jewelry)—the segment that is both new to the Mexican pawn market and is harder to develop (thus, significantly less competitive). We believe that First Cash is in an excellent position to maintain its profitable growth by continuing to win market share and execute on numerous expansion opportunities both in its core markets and new territories. With the company's valuation attractive, we increased our position in the stock during the quarter.
Federated Investors	-0.33%	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.
ADTRAN	-0.26%	The stock was purchased late in the quarter and its underperformance was largely attributable to short-term timing.

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Highest Contributors

U.S. Small Cap Quality Value Equity

One Year Ending December 31 2011

KAYNE ANDERSON RUDNICK

INVESTMENT MANAGEMENT

SECURITY	CONTRIBUTION	COMMENTS
Tempur-Pedic International	+1.89%%	Tempur-Pedic International posted financial results this year that showed the company hitting all-time highs in earnings and operating margins as the company takes share in the premium mattress category through new product introductions and effective marketing campaigns. This is occurring without a housing recovery. The company continues to generate strong free cash flow that has been used to pay down its debt levels.
RLI	+1.80%	The stock performed strongly following RLI's reports of excellent operating results driven by solid top-line growth and positive operating leverage. These results are particularly impressive as they are achieved despite the company's highly challenging operating environment driven by the ongoing softness in the P&C insurance market and weak general economic conditions. In July 2011, RLI was named to Ward's 50 [®] Top P&C Performers group for the 21st consecutive year—one of only four P&C insurers to be recognized as Ward's 50 [®] Top P&C Performer every year since the list's inception in 1991.
World Fuel Services	+1.08%	World Fuel saw volumes increase both sequentially and year-over-year across all three business segments during the year. The company is gaining share in this volatile oil-price market and the strength of its balance sheet has been a major factor. Investors are starting to appreciate the company's business model.

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Lowest Contributors

U.S. Small Cap Quality Value Equity
One Year Ending December 31, 2011

SECURITY	CONTRIBUTION	COMMENTS
Federated Investors	-1.56%	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.
Life Partners Holdings	-1.01%	The stock initially came under pressure in mid-January 2011 following news of the company being investigated by the SEC (with the company's underwriting practices suspected to be under scrutiny). The stock declined further in early June following the resignation of Life Partners auditor over a disagreement of the company's revenue recognition policy and a receipt of an amended Wells notice from the SEC. An important part of our investment thesis on Life Partners' was the company's superior underwriting capability and its solid industry reputation. With the company's reputation impaired, consequently reducing its market opportunity, we exited our position in the stock.
Suffolk Bancorp	-0.92%	When we initially entered the stock, Suffolk boasted a long-term track record of consistent organic growth, superior profitability, and stellar asset quality from a well capitalized, liquid balance sheet. More recently, however, the company's results suffered driven by credit quality deterioration and increased loan loss provisioning. Although some level of deterioration due to the company's challenging operating and regulatory environment could be expected, the magnitude of Suffolk's credit losses indicates that the bank's underwriting discipline has proven to be less conservative than we originally anticipated. While we continue to believe that Suffolk's issues are largely a result of the company's local market's weakness and cyclical challenges in the banking industry as a whole, we exited our position in the stock as the company's profile no longer fit our high-quality investment strategy.

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Purchases

U.S. Small Cap Quality Value Equity
Quarter Ending December 31, 2011

KAYNE ANDERSON RUDNICK

INVESTMENT MANAGEMENT

PURCHASES	DESCRIPTION/REASONS
ADTRAN—Initiated Position	ADTRAN designs, manufactures, markets, and services network access equipment for communications networks. Their technology is developed for “last mile solutions” which traditionally have been TDM-based but are now transitioning to IP-based solutions. The company sells into two markets: carrier networks (78% of revenues) and enterprise networks (21% of revenues).
Golub Capital—Initiated Position	Golub Capital is an externally managed business development company/registered investment company (BDC/RIC) that provides long-term investment capital (mainly in the form of senior debt, mezzanine debt, and equity financing) to support the expansion of growing middle-market businesses with limited access to alternative sources of funding operating primarily in less cyclical, less capital-intensive industry segments (e.g., education, health care, and business services).
First Cash Financial Services—Increased Position	First Cash Financial reported excellent 3Q11 results driven by impressive top-line growth and solid profitability improvement. Importantly, the company boasts a healthy (nearly debt-free) balance sheet and the company is a solid free-cash-flow generator despite its robust de novo expansion with 85-90 new locations to be opened in fiscal year 2011. The company’s Mexican operations (representing over half of 3Q11 revenues) provide the company with both an attractive sustainable top-line growth engine and profitability enhancement opportunity. Importantly, 389 of the company’s 442 Mexican locations are full-service (hard goods and jewelry vs. jewelry-only)—the segment that is both new to the Mexican pawn market and is harder to develop (thus, significantly less competitive). We believe that First Cash is in an excellent position to maintain its profitable growth by continuing to win market share and execute on numerous expansion opportunities both in its core markets and new territories. With the company’s valuation attractive, we increased our position.

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New Position

U.S. Small Cap Quality Value Equity
Quarter Ending December 31, 2011

KAYNE ANDERSON RUDNICK

INVESTMENT MANAGEMENT

ADTRAN (ADTN)

- ADTRAN enters markets with second generation products that have been re-engineered at a lower cost and with improved performance. Typically competitors have by this time refocused their research & development efforts on new products creating this opportunity. The company maintains this lead by re-engineering existing products every 18 months.
- ADTRAN has traditionally focused on smaller markets allowing them to gain market share without facing a strong competitive response from the incumbent or other competitors.
- The TA-5000 is a key product line that was introduced about three years ago. The TA-5000 is a system rather than a product and is a key part of their efforts to grow in IP based solutions.
- Legacy products, which until recently had been 50% of revenues, are now only about 20% of sales removing a headwind for reported growth.
- ADTRAN has exposure to several secular growth tailwinds including the build-out of 3G wireless infrastructure and fiber solutions to the home designed to accommodate greater demand for data and video.

	QUALITY		GROWTH		VALUE	
	5-Year Avg. ROE	Debt Coverage	5-Year Avg. EPS Growth	Capital Generation	Trailing 12-Month P/E Ratio	Dividend Yield
ADTRAN*	19.1%	70.0x	9.0%	16.0%	13.8	1.2%
Russell 2000® Value Index*	6.9%	4.3x	-0.3%	5.5%	16.6	2.5%

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

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New Position

U.S. Small Cap Quality Value Equity
Quarter Ending December 31, 2011

KAYNE ANDERSON RUDNICK

INVESTMENT MANAGEMENT

Golub Capital (GBDC)

- Golub Capital's investment portfolio is managed by Golub Capital Advisors (GCA), an affiliate of Golub Capital (GC), a leading lender to middle-market companies with over \$5.0 billion of capital under management.
- The company targets an attractive niche market of small-to-medium size privately held companies with a proven history of stable cash flows, sustainable competitive positioning, and experienced management teams. Both the company and its typical customer are operating in highly fragmented markets where pockets of opportunity exist for an experienced player like Golub Capital.
- Golub Capital's large seasoned lending team with its profound industry expertise, extensive deal sourcing network, and solid track record further aided by the BDC's affiliation with the highly reputable Golub Capital brand, provides it with a sustainable competitive advantage and pricing power.
- The company's leadership position in the small-to-medium size senior secured lending market, its granular investment portfolio (with a typical deal in the \$5-\$25 million range), and valuable unitranche loan ("one stop source of capital") offering provides the company with flexibility, authority, and pricing power driving attractive risk-adjusted returns.

	QUALITY		GROWTH		VALUE	
	5-Year Avg. ROE	Debt Coverage	5-Year Avg. EPS Growth	Capital Generation	Trailing 12-Month P/E Ratio	Dividend Yield
Golub Capital[†]	11.3%[†]	5.5x	28.9%[†]	4.2%[†]	13.0	8.4%
Russell 2000 [®] Value Index [*]	6.9%	4.3x	-0.3%	5.5%	16.6	2.5%

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

[†]The company completed its initial public offering in April 2010 thus, fiscal 2010 data is used in lieu of the 5-year average.

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Sales

U.S. Small Cap Quality Value Equity
Quarter Ending December 31, 2011

SALES	REASONS
ABM Industries—Sold Entire Position	<p>Despite divesting of several underperforming lines of business over the last few years, ABM saw its returns on capital deteriorate through a combination of high office vacancy rates driven by challenging economic conditions and various acquisitions that have muted profits at the expense of top-line growth. In December 2010, ABM closed its acquisition of the Linc Group (TLG)—one of the world’s largest providers of integrated engineering facility services. While very comfortable with the strategic direction behind the TLG deal, we saw the integration and execution risk as meaningful due to the transformational nature of this acquisition. Another clear risk that comes with TLG is that of higher dependency on government contracts that was already reflected in both, recent quarter results hurt by federal budget-triggered project delays, and cancellations. In addition, in 3Q11 ABM saw a significant deterioration in the sales and pricing environment with fiscal 2011 organic revenue growth expected to remain modest across all business segments reflecting the company’s higher-than-expected economic sensitivity. We believe that a company’s allocation of its capital is just as important as the operation of its core business. Thus, we exited our underweight position in the stock and redeployed the proceeds into another business that we believe offers superior longer term fundamentals and a greater risk-adjusted return opportunity.</p>
Landauer—Sold Entire Position	<p>We believe that the future profitability of Landauer is likely to be impacted by the company’s ongoing acquisitions in the potentially higher growth but significantly less profitable medical-physics segment. In fact, the most recent fiscal 2010 results came in worse-than-expected driven by a meaningful gross margin compression related to the medical-physics segment’s lower margin contribution. In addition, with the company’s hospital clients under an unprecedented pressure to cut costs, management noted seeing elevated pricing pressure in their core occupational therapy business from increasingly powerful large hospital group purchasing organizations (GPOs). While we continue to admire Landauer’s core dosimetry business’ positioning, with the company’s management continuing to make acquisitions in the medical-physics area causing the company’s profitability to suffer at least in the near-to-medium term, and with shares trading at a premium valuation, we saw this as an opportune time to sell the shares to help fund a new purchase.</p>

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Sales (continued)

U.S. Small Cap Quality Value Equity
Quarter Ending December 31, 2011

KAYNE ANDERSON RUDNICK

INVESTMENT MANAGEMENT

SALES	REASONS
Suffolk Bancorp—Sold Entire Position	Suffolk reported highly disappointing first quarter 2011 results including a decline in per-share earnings driven primarily by a significant deterioration in loan quality as measured by a loan loss provision. When we initially entered the stock, the company had boasted a long-term track record of consistent organic growth, superior profitability, and stellar asset quality from a well capitalized, liquid balance sheet. More recently however, the company's results have suffered driven by asset quality deterioration and increased loan loss provisioning. While we continue to believe that Suffolk's issues are largely a result of its local market's weakness and cyclical challenges in the banking industry as a whole, we sold our position in the stock as the company's profile no longer fit our high-quality investment strategy. We redeployed the funds into another name in the financial-services sector that we believe offers superior longer term fundamentals and a greater risk-adjusted return opportunity.
CARBO Ceramics—Trimmed Position	CARBO's stock price continued to climb and was up another 30% since our last trim program. We reduced our position and used the proceeds for a new position with a better near-term valuation.
Computer Services—Trimmed Position	Computer Services' shares were up since our last increase program initiated in late March 2009. We reduced our overweight position in the stock and utilized 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 Cap Quality Value Equity — As of December 31, 2011

KAYNE ANDERSON RUDNICK

INVESTMENT MANAGEMENT

	KAR Small Cap Quality Value	Russell 2000® Value Index
Quality		
Return on Equity—Past 5 Years	23.2%	6.4%
Total Debt/EBITDA	0.9 x	6.6 x
Earnings Variance—Past 10 Years	22.3%	97.7%
S&P Stock Ranking (A+, A, A-, B+)	76.7%	23.2%
Growth		
Earnings Per Share Growth—Past 5 Years	7.5%	-1.6%
Earnings Per Share Growth—Past 10 Years	12.0%	3.5%
Dividend Per Share Growth—Past 5 Years	9.5%	-3.4%
Dividend Per Share Growth—Past 10 Years	12.2%	2.3%
Capital Generation—{ROE x (1-Payout)}	16.3%	5.1%
Value		
P/E Ratio—Trailing 12 Months	16.0 x	20.2 x
Dividend Yield	2.1%	2.2%
Free Cash Flow Yield [‡]	4.2%	1.2%
Market Characteristics		
\$ Weighted Average Market Cap—4 Qtr. Average	\$2.0 B	\$1.1 B
Largest Market Cap—4 Qtr. Average	\$3.8 B	\$3.6 B
Annualized Standard Deviation—Since Inception*	20.2%	22.4%

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.

*Actual inception date is June 1, 1998. July 1, 1998 is used for calculation purposes of quarterly information.

[†]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

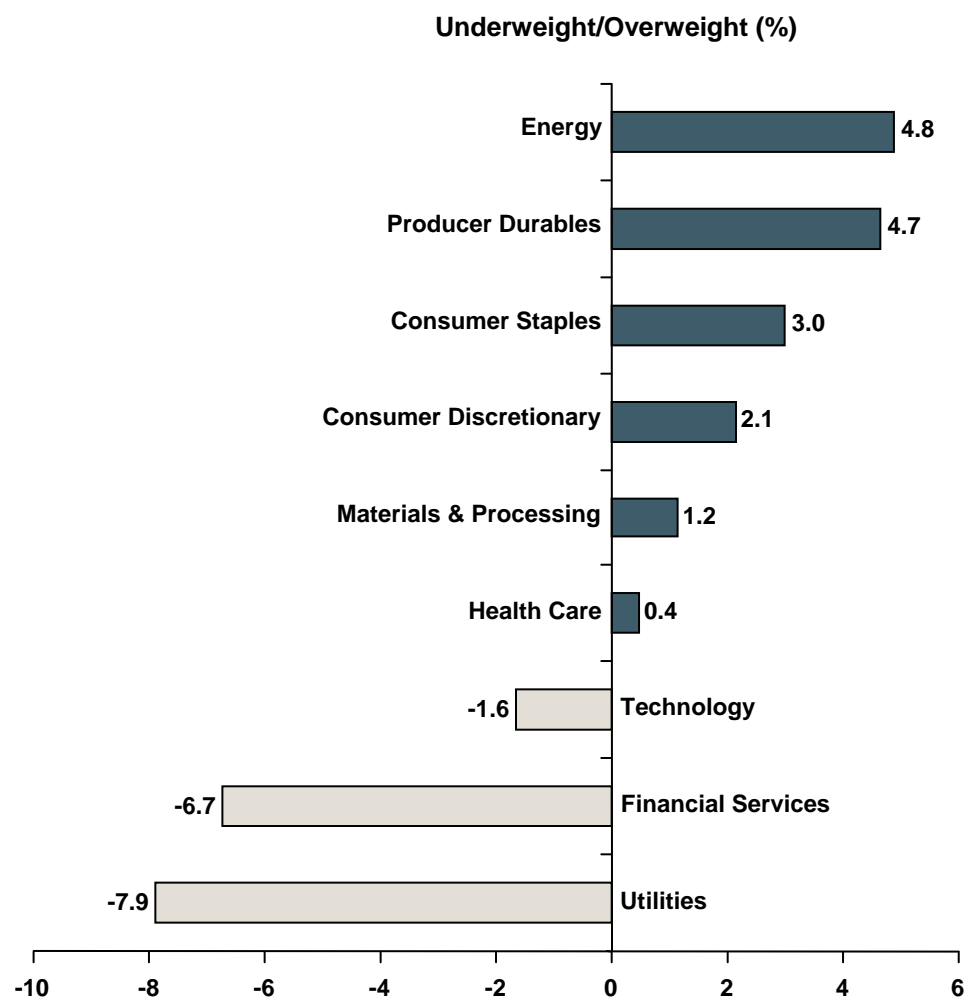
U.S. Small Cap Quality Value Equity

As of December 31, 2011

KAYNE ANDERSON RUDNICK

INVESTMENT MANAGEMENT

	Portfolio (%)	Russell 2000® Value Index (%)
Energy	8.7	3.9
Producer Durables	18.8	14.1
Consumer Staples	6.0	3.0
Consumer Discretionary	14.2	12.1
Materials & Processing	8.1	6.9
Health Care	5.9	5.5
Technology	8.1	9.7
Financial Services	30.2	36.9
Utilities	—	7.9



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 Cap Quality Value Equity — As of December 31, 2011

KAYNE ANDERSON RUDNICK

INVESTMENT MANAGEMENT

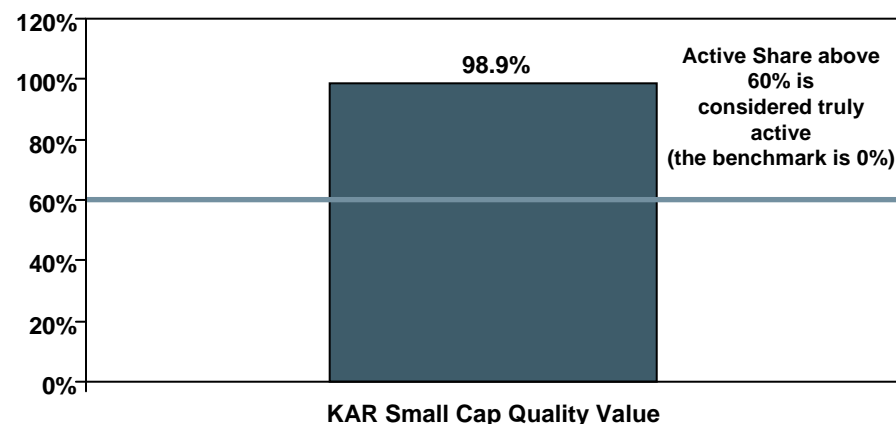
Research confidence leads to large active weights

Top 10 Holdings	Russell Sector	% of Portfolio
World Fuel Services	Energy	6.1
Landstar System	Producer Durables	5.6
Hillenbrand	Consumer Discretionary	5.1
RLI	Financial Services	5.0
WD-40	Consumer Staples	5.0
Lincoln Electric Holdings	Producer Durables	4.9
First Cash Financial Services	Financial Services	4.8
John Wiley & Sons	Consumer Discretionary	4.8
Ares Capital	Financial Services	4.7
Graco	Producer Durables	4.6

The strategy benefits from diversification while still taking significant active positions

	KAR Small Cap Quality Value	Russell 2000® Value Index
# of Holdings	28	1,354
Average Position Size (%)	3.6	0.1
Weight of Top Ten Holdings (%)	50.6	4.5

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



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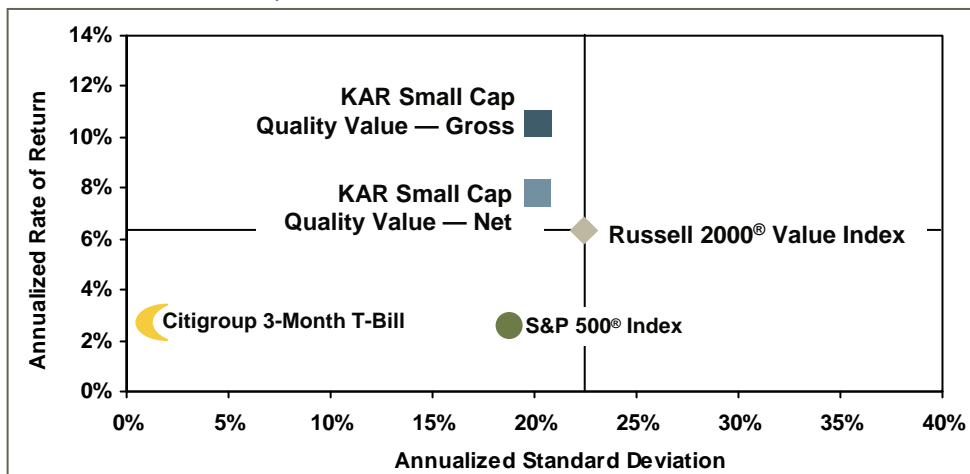
Data is obtained from FactSet Research Systems and is assumed to be reliable. A complete list of portfolio holdings and specific security transactions for the preceding 12 months is available upon request. Portfolio holdings are subject to change. The sector information represented above is based on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

Strong Risk-Adjusted Returns Driven by Strong Stock Selection

U.S. Small Cap Quality Value Equity — Periods Ending December 31, 2011

Meaningful Returns with Lower Volatility

Annualized Since Inception*

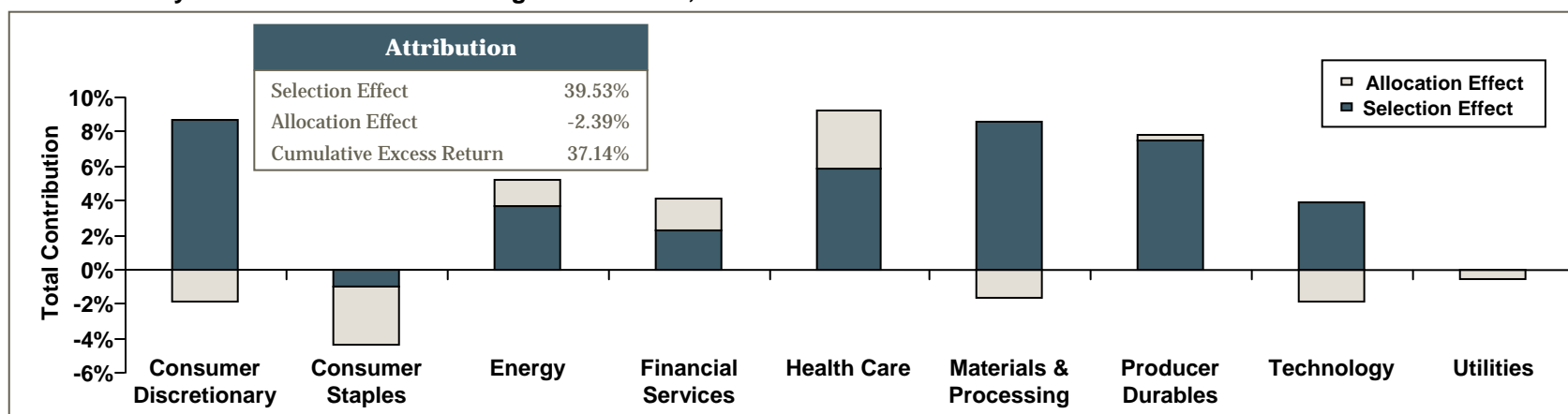


Strong Risk-Adjusted Performance Metrics

Annualized Since Inception*

Summary Statistics	KAR Small Cap Quality Value	Russell 2000® Value Index
Alpha	4.57	0.00
Sharpe Ratio	0.39	0.17
Standard Deviation	20.22	22.40
Semi-Standard Deviation	25.02	29.08
Beta	0.81	1.00
Tracking Error	9.55	0.00

Attribution by Sector — Five Years Ending December 31, 2011



*Actual inception date is June 1, 1998. July 1, 1998 is used for calculation purposes of quarterly information.

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.

Returns

U.S. Small Cap Quality Value Equity

Annualized Performance

Period Ending 12/31/11	Gross (%)	Net (%)	Index (%)	Excess Return (bps)
1 Year	6.85	4.71	-5.50	1235
3 Years	19.44	17.42	12.36	708
5 Years	4.39	2.59	-1.87	626
7 Years	7.55	5.54	2.35	520
10 Years	10.05	7.64	6.40	365
Since Inception*	10.47	7.90	6.27	420

Calendar Year Performance

Periods Ending 12/31	Gross (%)	Net (%)	Index (%)	Excess Return (bps)
2011	6.85	4.71	-5.50	1235
2010	24.76	22.81	24.50	26
2009	27.82	25.92	20.58	724
2008	-28.62	-29.99	-28.92	30
2007	1.93	0.27	-9.78	1171
2006	23.72	21.87	23.48	24
2005	8.53	5.31	4.71	382
2004	27.59	23.80	22.25	534
2003	22.12	18.59	46.03	-2391
2002	0.48	-2.52	-11.43	1191
2001	19.42	16.06	14.03	539
2000	24.92	21.28	22.83	209
1999	-7.69	-10.39	-1.49	-620
1998†	9.61	7.99	-10.93	2054

*June 1, 1998

†Performance for 1998 is for seven 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. Annualized performance for the Kayne Anderson Rudnick composite is preliminary.

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

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:

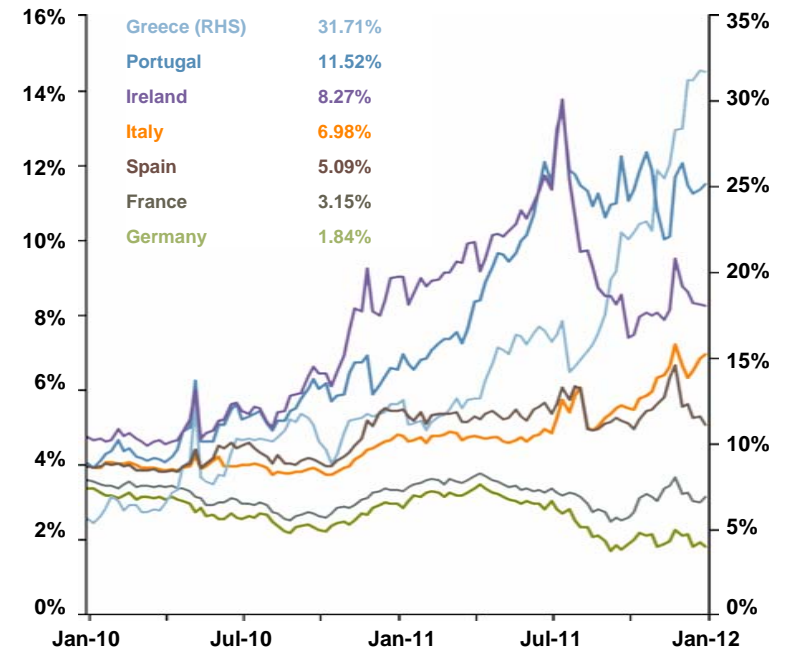
- Sovereign debt issues expanding beyond Greece, Ireland, and Portugal to Spain and Italy and the recognition that European banks need to be recapitalized
- Political polarization in the U.S. creating an uncertain planning environment for small businesses and consumers
- Growth slowdown concerns materializing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

Positives for Economic Growth:

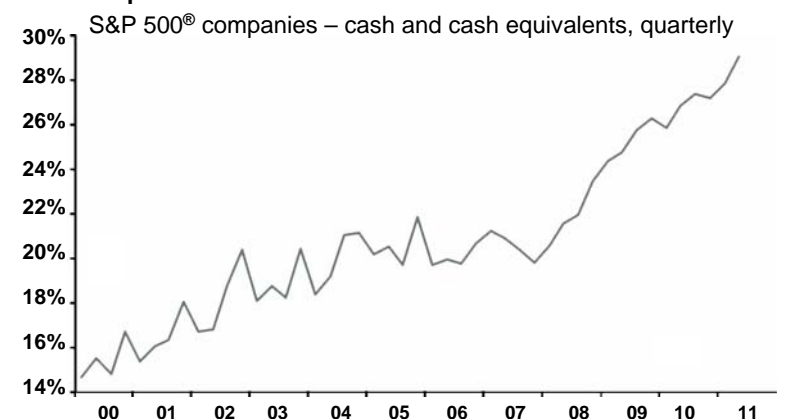
- Corporate cash at all-time highs and looking for investment opportunities
- Consumer balance sheets improved
- Unemployment remains at elevated levels but is improving
- Housing seems to be bottoming or slightly improving
- Capital markets may force European governments to take more significant action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



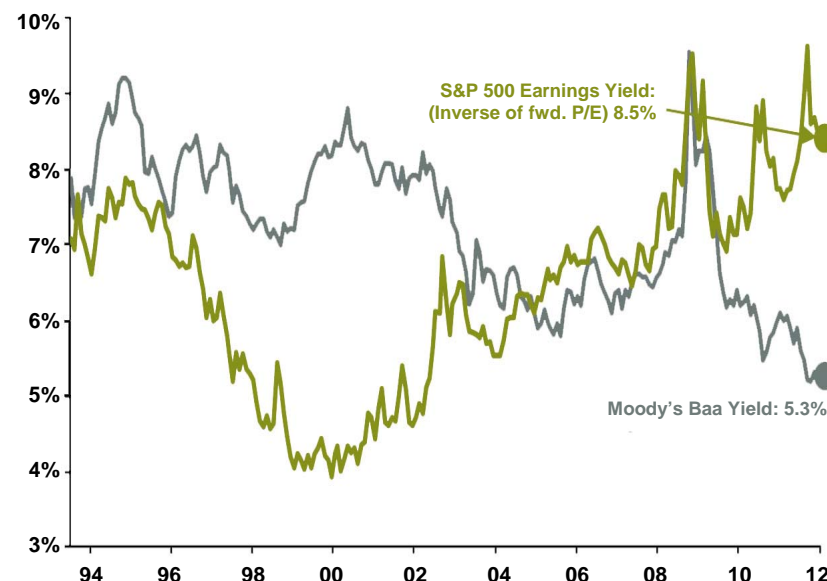
Corporate Cash as a % of Current Assets



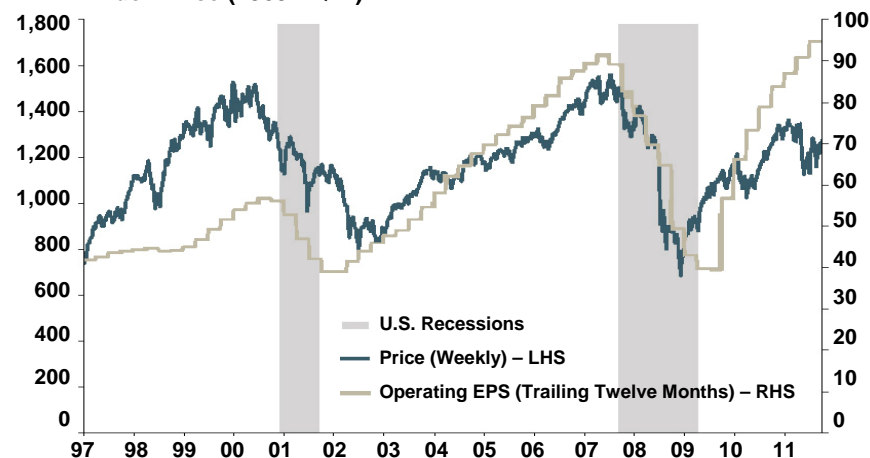
Despite the near-term volatility, we continue to believe that the risk/reward ratio for equities over the long term is favorable on an absolute basis and relative to fixed income.

- 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

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

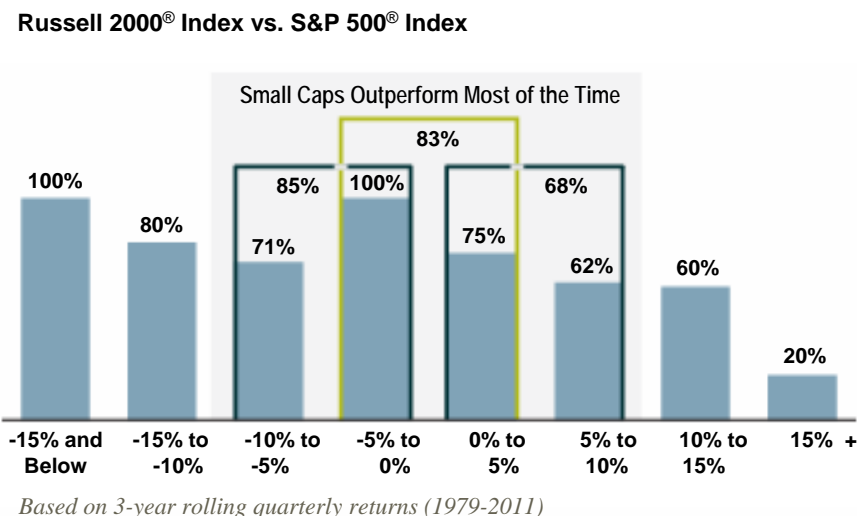
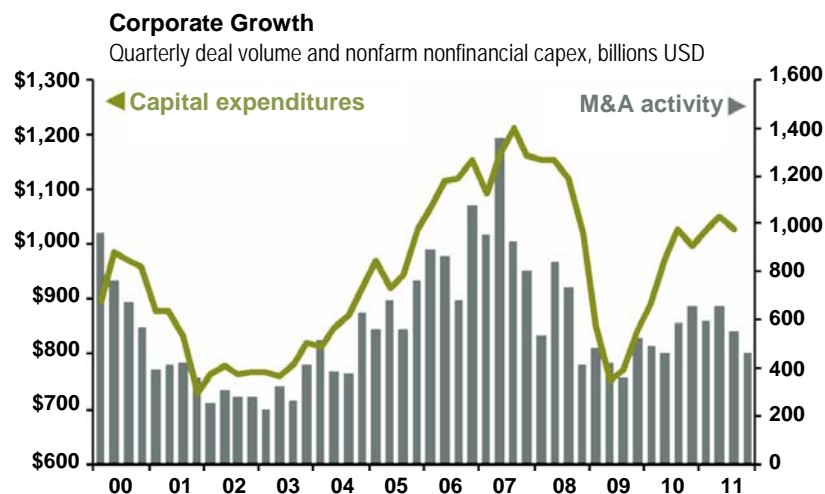


S&P 500®: Operating Earnings (Trailing 12 Months) vs. Index Price (1989-4Q11)



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.

- 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 Cap Quality Value 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 Cap Quality Value portfolios (including cash) under management for at least one full quarter. Small Cap Quality Value portfolios are invested in equity securities with market capitalizations consistent with the Russell 2000® Value 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 2000® Value Index. The Russell 2000® Value Index is a market capitalization-weighted index of value-oriented stocks of the 2,000 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 January 2002. 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 January 1, 2002, the composite calculations have been linked to the firm's Small Cap Quality Value actual historical non-wrap fee composite performance. The minimum account size for the Small Cap Quality Value non-wrap fee composite was \$250,000. These non-wrap fee portfolios are presented net of commissions on portfolio transactions. Beginning on January 1, 2002, 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 January 1, 2002, pure gross returns do not reflect the deduction of any expenses, including trading costs. From June 1, 1998 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 2000® Value Index Annual Return (%)	Annual Standard Deviation (%)
2002	8,612	Less than 1	0%	Less than 5	0.48	(2.52)	(11.43)	N/A
2003	10,262	5	100%	Less than 5	22.12	18.59	46.03	N/A
2004	10,320	6	100%	5	27.59	23.80	22.25	0.27
2005	8,533	6	100%	10	8.53	5.31	4.71	0.09
2006	6,523	571	100%	25	23.72	21.87	23.48	0.42
2007	5,392	765	100%	28	1.93	0.27	(9.78)	0.33
2008	3,445	441	100%	33	(28.62)	(29.99)	(28.92)	0.73
2009	4,010	531	100%	34	27.82	25.92	20.58	0.55
2010	4,729	651	100%	34	24.76	22.81	24.50	0.75
2011	5,505	15†	100%	19	6.85	4.71	-5.50	0.74

*Beginning January 1, 2002, pure gross returns are supplemental to net returns.

†Data is preliminary pending subadvisory data.

The Russell 2000® Value Index is a trademark/service mark of Frank Russell Company. Russell® is a trademark of Frank Russell Company.