

Small-Mid Cap Quality Value Portfolio

First Quarter 2024 | Managed Accounts

Portfolio Review

The Small-Mid Cap Quality Value portfolio outperformed the Russell 2500 Value Index in the first quarter. Good stock selection in financials and good stock selection and an overweight in real estate contributed positively to performance. Poor stock selection and an overweight in consumer discretionary and an overweight in energy detracted from performance.

The biggest contributors to performance during the quarter were W. R. Berkley and TransUnion.

- We believe a hard insurance cycle and past underwriting discipline is propelling healthy growth and profitability at W. R. Berkley.
- TransUnion's shares outperformed in the quarter following a significant correction last quarter as the company generated better-than-expected financial results with stabilization in lending markets and some improvements in emerging vertical markets. Additionally, the company accelerated cost reduction initiatives and provided constructive full-year guidance with upside potential should interest rates move lower.
- Other top contributors included Armstrong World Industries, LPL Financial, and Kadant.

The biggest detractors to performance during the quarter were Bank of Hawaii and RBC Bearings.

- Bank of Hawaii's shares, like many other regional banks, moved lower in the quarter as investors became less certain of when the Federal Reserve will start cutting interest rates. Positively, the bank's quarterly results showed continued stability in deposits and no credit issues.
- We believe RBC Bearings' underperformance in the quarter was driven by the decline in its Industrial business year-over-year as an improved supply chain created a bulge in the prior year period.
- Other bottom contributors included National Beverage, Leslie's, and Toro.

Purchases and Sales

During the quarter, there were no new purchases or complete sales from the portfolio.

Outlook

One large challenge coming out of the pandemic is trying to parse the underlying strength in the economy. Our supply chains were whipsawed, our employment patterns changed dramatically, and we saw unprecedented monetary and fiscal support. Given these factors, it is hard to gauge how much of the strength in the U.S. economy is due to fundamentals versus other exogenous effects. And while interest rates have increased materially in a short period of time, they are only modestly restrictive compared to the long-run average. As a result of low rates and strong government support during the pandemic, we believe the tide lifted all companies and made it easier for everyone to prosper. However, without this assistance, we expect that more fundamental factors will drive corporate profits and thus equity performance going forward. Assuming less exogenous support, we believe companies who are competitively advantaged with better profitability, cash flow, as well as lower leverage will be able to better distinguish themselves going forward.

Portfolio Highlights

Style: Small-Mid Cap
Sub-Style: Value
Index: Russell 2500™ Value
Portfolio Inception: 2008
Portfolio Assets: \$712.1 M*
Portfolio Turnover: 25%-35%

Investment Management Team

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

Top Five Holdings

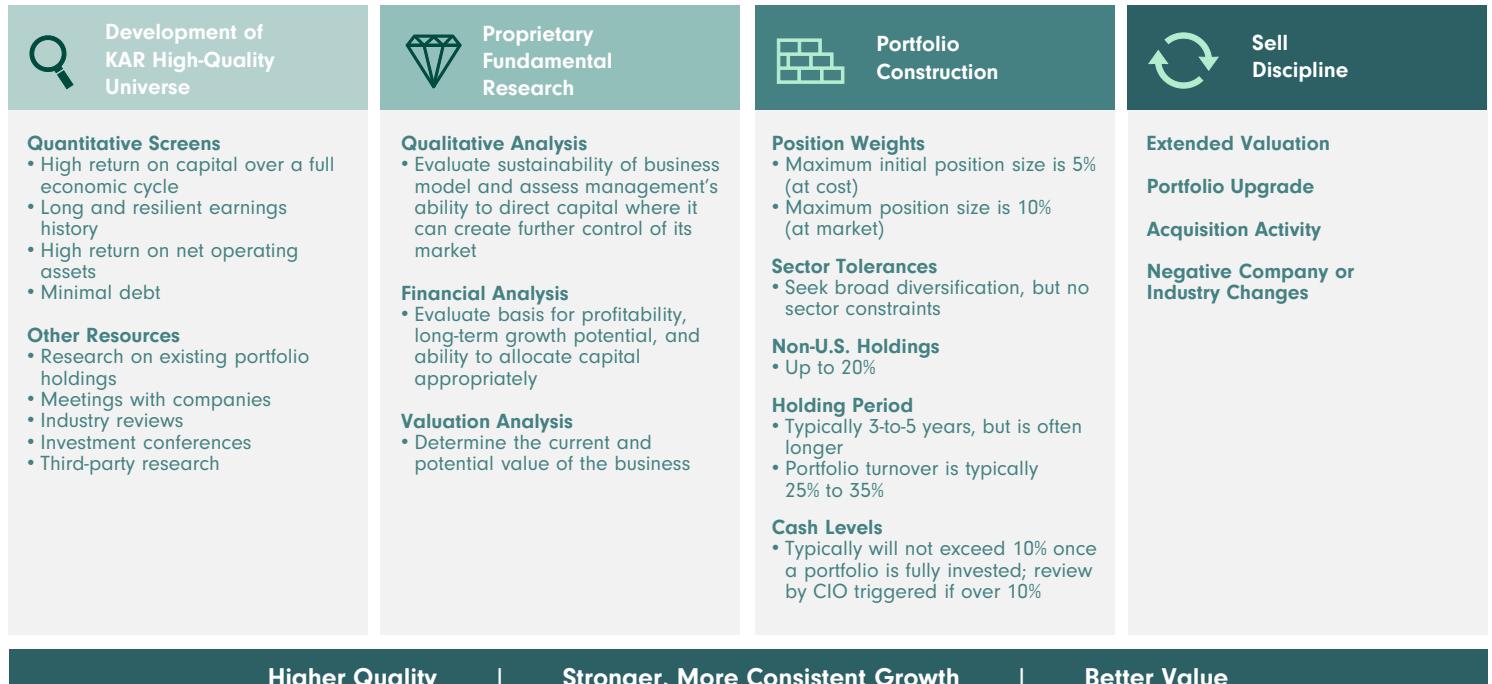
As of March 31, 2024

Company	Percent of equity (%)
W. R. Berkley	5.7
Lennox International	4.8
TransUnion	4.6
Broadridge Financial Solutions	4.4
Graco	4.2
Total	23.7

*Figures in USD

This report is based on the assumptions and analysis made and believed to be reasonable by Advisor. However, no assurance can be given that Advisor's opinions or expectations will be correct. This report is intended for informational purposes only and should not be considered a recommendation or solicitation to purchase securities. Holdings are subject to change. Holdings and weightings are based on a representative portfolio. Individual Investors' holdings may differ slightly. Data is obtained by FactSet Research Systems and is assumed to be reliable. Numbers may not always add up due to rounding. Past performance is no guarantee of future results.

Investment Process: Discovering Quality



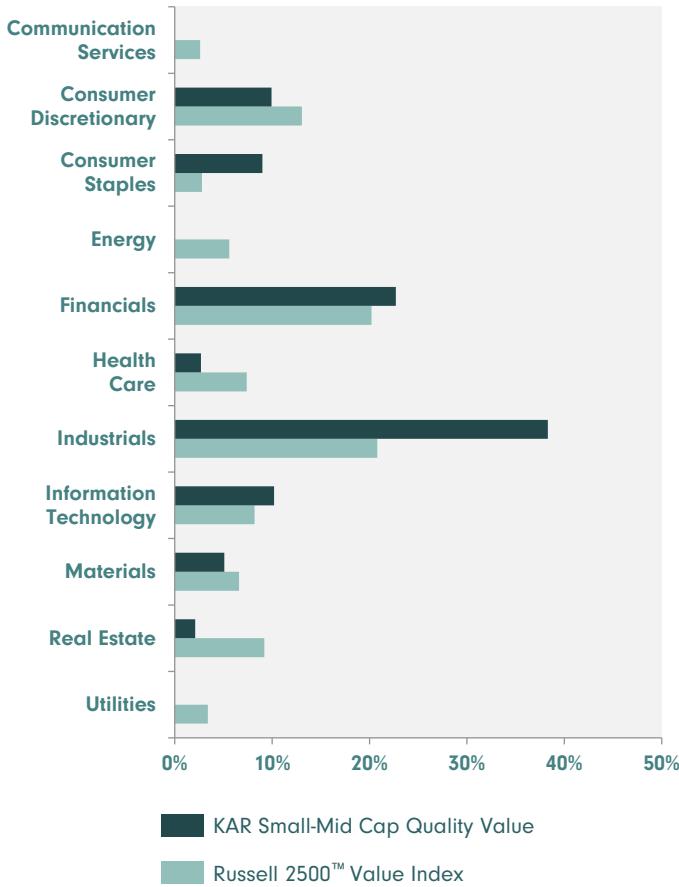
Higher Quality

Stronger, More Consistent Growth

Better Value

Sector Diversification

As of March 31, 2024



Holdings are subject to change. Holdings and weightings are based on a representative portfolio. Individual Investors' holdings may differ slightly. The sector information represented above is based on GICS sector classifications. Data is obtained by FactSet Research Systems and is assumed to be reliable.

Portfolio Characteristics

As of March 31, 2024

	KAR Small-Mid Cap Quality Value	Russell 2500™ Value Index
Quality		
Return on Equity—Past 5 Years	25.3%	12.8%
Debt/EBITDA*	1.5 x	2.5 x
Earnings Variability—Past 10 Years	36.2%	76.3%
Growth		
Earnings Per Share Growth—Past 5 Years	7.2%	11.6%
Earnings Per Share Growth—Past 10 Years	11.2%	9.4%
Dividend Per Share Growth—Past 5 Years	8.9%	6.6%
Dividend Per Share Growth—Past 10 Years	12.7%	7.3%
Capital Generation—{ROE x (1-Payout)}	18.1%	9.4%
Value		
P/E Ratio—Trailing 12 Months	33.6 x	26.7 x
Dividend Yield	1.0%	1.8%
Free Cash Flow Yield†	3.7%	4.3%
Market Characteristics		
\$ Weighted Average Market Cap—3-Year Avg.	\$10.3 B	\$6.8 B
Largest Market Cap—3-Year Avg.	\$32.7 B	\$25.0 B
Annualized Standard Deviation—Since Inception‡	17.8%	20.2%

*KAR utilizes the interquartile method when calculating Debt/EBITDA. The interquartile method excludes outliers from an aggregate statistic such as weighted average. The interquartile method does not assume that data from the top or bottom of the distribution are outliers—only the extreme ends are excluded—and that it can be applied consistently as a quantitative method for most fundamental characteristics. Debt/EBITDA utilizes net debt for the calculation.

†Free cash flow data is as of December 31, 2023. Prices are as of March 31, 2024. Excludes financials.

‡January 1, 2008. Standard deviation for the KAR strategy is based on net-of-fee returns. This material is deemed supplemental and complements the performance and disclosure at the end of this presentation. Data is obtained from FactSet Research Systems and BNY Mellon and is assumed to be reliable. Other principal consultant firms may use different algorithms to calculate selected statistics. Estimates are based on certain assumptions and historical information. **Past performance is no guarantee of future results.** Returns could be reduced, or losses incurred, due to currency fluctuations.

Small-Mid Cap Quality Value Portfolio

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Risk-Return Analysis

Inception* to March 31, 2024



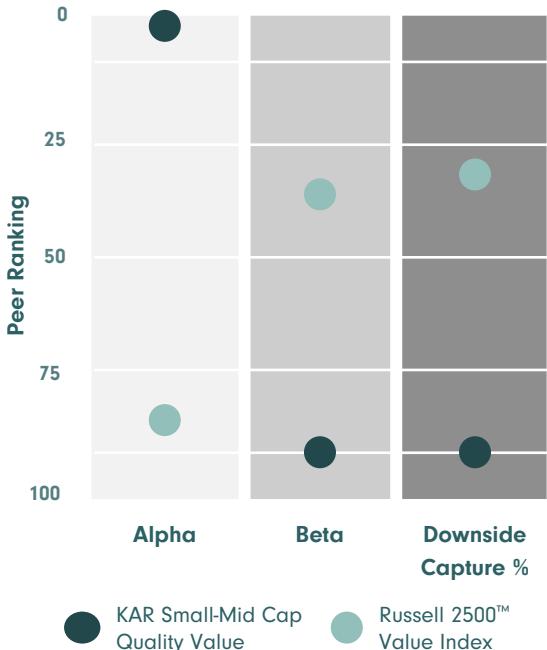
Historical Returns

	KAR Small-Mid Cap Quality Value (gross)	KAR Small-Mid Cap Quality Value (net) [†]	Russell 2500™ Value Index
Annualized Returns (%)[†]			
As of March 31, 2024			
1 st Quarter	6.79	6.01	6.07
One Year	20.91	17.38	21.33
Three Years	3.09	0.05	5.36
Five Years	12.14	8.84	9.38
Seven Years	10.64	7.39	7.74
Ten Years	10.77	7.52	7.68
Inception*	11.74	8.46	8.23
Annual Returns (%)			
2023	18.24	14.78	15.98
2022	(20.01)	(22.43)	(13.08)
2021	22.18	18.62	27.78
2020	23.53	19.93	4.88
2019	32.48	28.65	23.56
2018	(11.08)	(13.74)	(12.36)
2017	19.17	15.69	10.36
2016	19.40	15.91	25.20
2015	(0.59)	(3.53)	(5.49)
2014	8.88	5.68	7.11
2013	36.30	32.37	33.32
2012	11.01	7.75	19.21
2011	7.40	4.24	(3.36)
2010	25.83	22.18	24.82
2009	32.51	28.67	27.68
2008	(18.99)	(21.44)	(31.99)

IMPORTANT RISK CONSIDERATIONS: **Equity Securities:** The market price of equity securities may be adversely affected by financial market, industry, or issuer-specific events. Focus on a particular style or on small, medium, or large-sized companies may enhance that risk. **Limited Number of Investments:** Because the portfolio has a limited number of securities, it may be more susceptible to factors adversely affecting its securities than a portfolio with a greater number of securities. **Market Volatility:** The value of the securities in the portfolio may go up or down in response to the prospects of individual companies and/or general economic conditions. Local, regional, or global events such as war or military conflict, terrorism, pandemic, or recession could impact the portfolio, including hampering the ability of the portfolio's manager(s) to invest its assets as intended.

Peer Comparison Chart

Inception* to March 31, 2024



The eVestment Small-Mid Cap Value Universe includes 45 managers categorized in the small-mid cap value asset class by eVestment. KAR does not pay any fees to be included in the eVestment Small-Mid Cap Value Universe or for the ranking itself. KAR does pay fees for the use of certain products and services provided by eVestment. eVestment rankings are based on gross of fee returns. Gross of fee returns will be reduced by investment management fees and other expenses that may be incurred in the management of the account. Management fees are described in KAR's Form ADV Part 2A, which is available upon request and can also be found at <https://kayne.com/wp-content/uploads/ADV-Part-2A.pdf>. Returns could be reduced or losses incurred due to currency fluctuations. **Past performance is no guarantee of future results.**

Performance Statistics

Inception* to March 31, 2024

	KAR Small-Mid Cap Quality Value (gross)	KAR Small-Mid Cap Quality Value (net)	Russell 2500™ Value Index
Alpha	4.30	1.22	0.00
Sharpe Ratio	0.60	0.42	0.36
Information Ratio	0.53	0.03	N/A
Beta	0.83	0.83	1.00
Downside Capture	76.65	81.63	100.00
Tracking Error	6.67	6.67	N/A

*January 1, 2008

[†]All periods less than one year are total returns and are not annualized. Returns are final.

[‡]Net of all fees and expenses. Assumes a 3% annual fee.

This material is deemed supplemental and complements the performance and disclosure at the end of this presentation. Returns of the Kayne Anderson Rudnick composite are final. For further details on the composite, please see the disclosure statement in this presentation. Data is obtained from FactSet Research Systems and is assumed to be reliable. **Past performance is no guarantee of future results.** Returns could be reduced, or losses incurred, due to currency fluctuations.

Small-Mid Cap Quality Value (Wrap) Composite

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Disclosure

Year	Composite Pure Gross Return*	Composite Net Return (%)	Russell 2500™ Value Index Return (%)	Composite 3-Yr Std Dev (%)	Benchmark 3-Yr Std Dev (%)	Number of Accounts	Internal Dispersion (%)	Composite Assets (\$ Millions)	Firm Assets (\$ Millions)
2014	8.88	5.68	7.11	10.65	11.41	12	0.09	140	7,989
2015	(0.59)	(3.53)	(5.49)	12.26	12.19	< 5	N/A	< 1	8,095
2016	19.40	15.91	25.20	12.26	13.36	< 5	N/A	< 1	9,989
2017	19.17	15.69	10.36	10.95	11.98	< 5	N/A	< 1	14,609
2018	(11.08)	(13.74)	(12.36)	12.82	13.77	< 5	N/A	< 1	17,840
2019	32.48	28.65	23.56	13.58	14.43	< 5	N/A	< 1	25,685
2020	23.53	19.93	4.88	21.90	25.40	20	N/A	143	39,582
2021	22.18	18.62	27.78	20.14	24.49	74	0.15	232	47,269
2022	(20.01)	(22.43)	(13.08)	23.21	26.84	< 5	N/A	< 1	33,531
2023	18.24	14.78	15.98	19.44	20.99	< 5	N/A	< 1	41,186

*Pure gross returns are supplemental to net returns.

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

KAR (as defined below) claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS® standards. KAR has been independently verified for the period from January 1, 1999 through December 31, 2023. The verification reports are available upon request.

A firm that claims compliance with the GIPS standards must establish policies and procedures for complying with all the applicable requirements of the GIPS standards. Verification provides assurance on whether the firm's policies and procedures related to composite, as well as the calculation, presentation, and distribution of performance, have been designed in compliance with the GIPS standards and have been implemented on a firm-wide basis. Verification does not provide assurance on the accuracy of any specific performance report.

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Kayne Anderson Rudnick Investment Management, LLC ("KAR"), a wholly owned subsidiary of Virtus Investment Partners, Inc., is a registered investment advisor under the Investment Advisers Act of 1940. Registration of an Investment Advisor does not imply any level of skill or training. KAR manages a variety of equity and fixed-income strategies focusing

exclusively on securities the firm defines as high quality.

The composite includes all fully discretionary Small-Mid Cap Quality Value Wrap Portfolios. Small-Mid Cap Quality Value Wrap Portfolios are invested in equity securities with market capitalizations consistent with the Russell 2500™ Value Index, that have market control, rising free cash flow, shareholder-oriented management, strong consistent profit growth and low debt balance sheets. For comparison purposes, the composite is measured against the Russell 2500™ Value Index. The Russell 2500™ Value Index is a market capitalization-weighted index of value-oriented stocks of the 2,500 smallest companies in the Russell Universe, which comprises the 3,000 largest U.S. companies. The index is calculated on a total-return basis with dividends reinvested. Benchmark returns are not covered by the report of the independent verifiers. The inception date of the composite is January 2008. The composite was created in July 2015. Policies for valuing investments, calculating performance, and preparing GIPS Reports are available upon request. The firm's list of composite descriptions, list of broad distribution pooled fund and the list of limited distribution pooled funds descriptions are available upon request.

For periods prior to July 1, 2015, and from October 1, 2020 through June 30, 2022, the composite calculations have been linked to the firm's Small-Mid

Cap Quality Value actual historical non-wrap fee composite performance. All portfolios included in this composite for all other periods are wrap portfolios.

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 2A of Form ADV, which is available on request. The performance information is supplied for reference. Past performance is no guarantee of future results. Results will vary among accounts. The U.S. dollar is the currency used to express performance. Performance results include the reinvestment of all income. Pure gross returns do not reflect the deduction of any expenses, including trading costs. Net annual returns are calculated by deducting 1/12th of an assumed maximum annual wrap fee of 3% on a monthly basis. Wrap fees include all charges for trading costs, portfolio management, custody and other administrative expenses.

Internal dispersion is calculated using the asset-weighted standard deviation of annual gross returns for accounts in the composite for the entire year. For those years when less than five accounts were included for the full year, no dispersion measure is presented. The three-year annualized ex-post standard deviation measures the variability of the composite (using pure gross returns) and the benchmark for the 36-month period.

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

INDEX DEFINITION

The Russell 2000® Index is a market capitalization-weighted index 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. The index is unmanaged, its returns do not reflect any fees, expenses, or sales charges, and is not available for direct investment.