



Kayne Anderson Rudnick
Investment Management

Small-Mid Cap Quality Value Portfolio
Managed Accounts
Third Quarter 2020 Review

kayne.com

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Firm Overview

As of September 30, 2020



Kayne Anderson Rudnick
Investment Management

Profile

- Originally established to manage founder capital
- Over three decades of experience
- A differentiated “business analyst” investment approach focusing on high-quality businesses
- A disciplined and repeatable investment process that produces high-conviction portfolios
- A wholly owned, independent subsidiary of Virtus Investment Partners

At a Glance

Year Founded	1984
Headquarters	Los Angeles, CA
AUM	\$42.2 billion
Number of Equity Investment Professionals	16
Average Investment Experience	16 Years

Investment Philosophy

We believe that purchasing high-quality businesses with competitive protections at attractive valuations will achieve excess returns over a complete market cycle

Investment Objectives

- To achieve a return meaningfully above that of the Russell 2500™ Value Index
- To achieve this return objective with a portfolio that exhibits lower overall risk characteristics



Competitive Protection

- Brand/Reputation
- Network Effect
- Scale/Cost Advantage
- Benchmarking Standard
- High Customer Switching Costs
- Barriers to Entry/Unique Asset
- Low Obsolescence Risk



Owner-Oriented Management

- Cultivates Competitive Advantage
- Rational Capital Allocation
- Considers Stakeholder Interests



KAR HIGH QUALITY BUSINESS

- Protect and Grow Market Share
- High Economic Return on Capital
- Business Returns → Shareholder Returns

How Are We Different?

We Manage Risk and Generate Returns Differently



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	CLASSIC APPROACH*	KAR APPROACH
RISK	<p>stock portfolio 75</p> <p>1% to 2% positions</p> <p>No stock can help or hurt more than 2%</p>	<p>stock portfolio 25-35</p> <p>3% to 10% positions in high-quality companies</p> <ul style="list-style-type: none"> Minimal business risk Minimal balance sheet risk Minimal profit risk
RETURNS	<p>Average companies producing average returns on capital</p> <p>Buying cheap and selling dear required for above-average portfolio returns</p> <p>6 months average holding period</p> <p>High frictional costs due to RAPID trading</p> <p>Poor tax efficiency due to short holding periods</p>	<p>Exceptional companies producing exceptional returns on capital</p> <p>Buy at attractive price and let exceptional returns on capital drive exceptional growth and income over extended period of time</p> <p>36 to 60 months average holding period, but often longer</p> <p>Low frictional costs due to LESS trading</p> <p>Inherent tax efficiency</p>

* The Classic Approach is based upon competitors with 75 holdings or more. The observations are generalized and do not represent any specific competitor's investment approach. **Past performance is no guarantee of future results.**

Small-Mid Cap Quality Value Team



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Portfolio Manager/Analysts	Responsibility	Research Experience	Years with KAR
Douglas S. Foreman, CFA	Chief Investment Officer	34 Years	9 Years
Julie Kutasov	Portfolio Manager and Senior Research Analyst Sector Coverage: Materials and Industrials	19 Years	19 Years
Craig Stone	Portfolio Manager and Senior Research Analyst Sector Coverage: Industrials	31 Years	20 Years
Todd Beiley, CFA	Senior Research Analyst Sector Coverage: Energy and Communication Services	21 Years	18 Years
Julie Biel, CFA	Senior Research Analyst Sector Coverage: Information Technology	12 Years	7 Years
Jon Christensen, CFA	Senior Research Analyst Sector Coverage: Health Care	25 Years	19 Years
Chris Wright, CFA	Senior Research Analyst Sector Coverage: Financials and Real Estate	8 Years	8 Years
Sean Dixon	Research Analyst Sector Coverage: Consumer Discretionary and Industrials	11 Years	2 Years
Adam Xiao, CFA	Research Analyst Sector Coverage: Consumer Staples, Financials and Industrials	5 Years	2 Years
Jordan Greenhouse	Managing Director - Senior Client Portfolio Manager	23 Years [†]	4 Years
James B. May, CFA	Managing Director - Client Portfolio Manager	32 Years [†]	1 Year

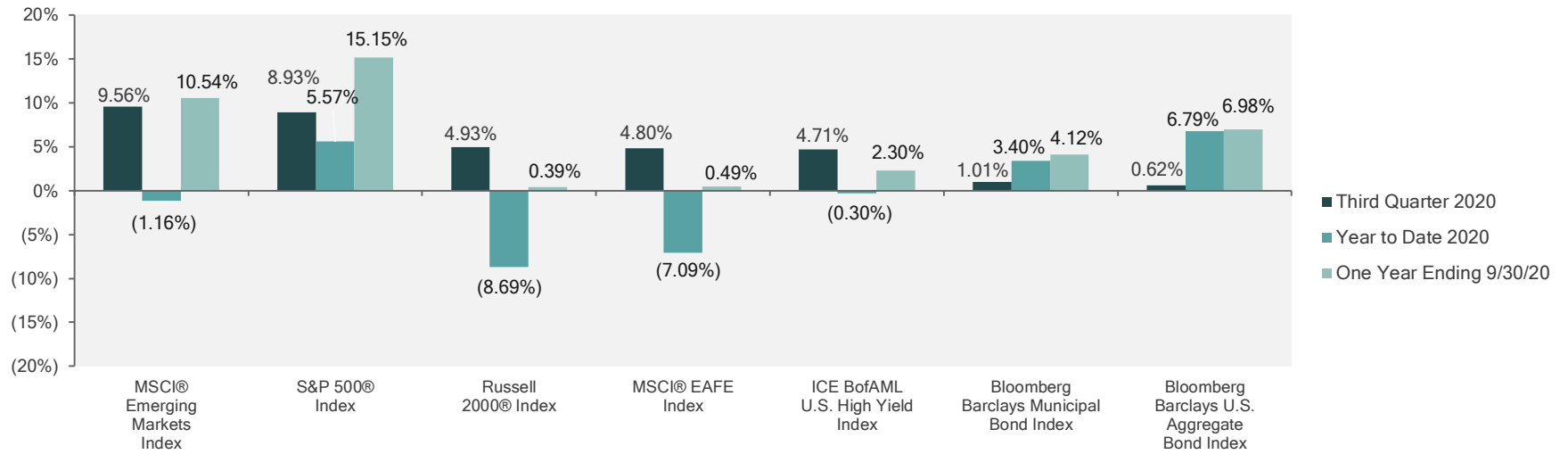
[†]Represents years of industry experience.

Market Review



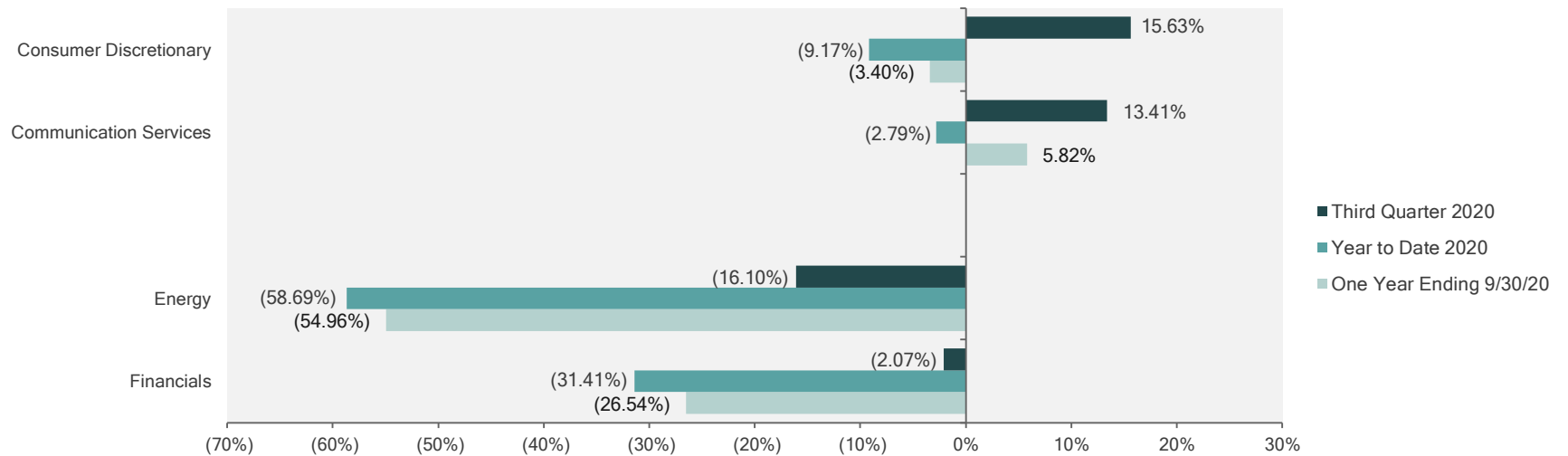
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Index Performance



Sector Performance

Russell 2500™ Value Index



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Market Review

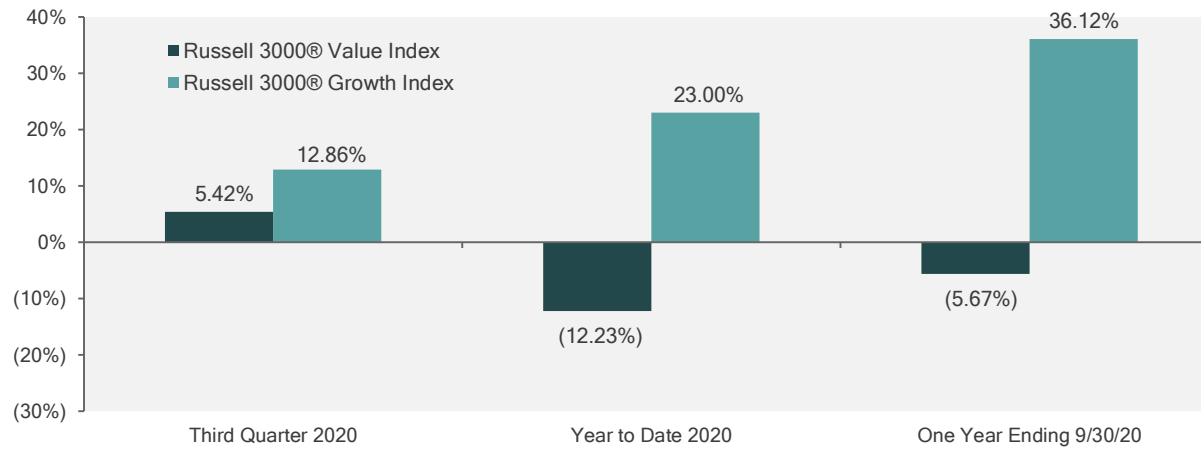
Performance by Style and Quality



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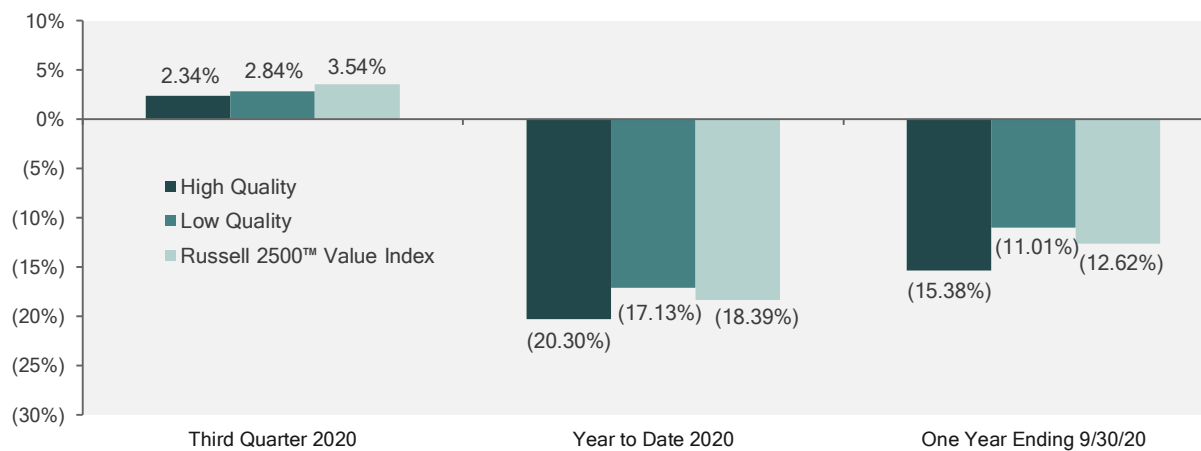
Performance by Style

Russell 3000® Value Index vs. Russell 3000® Growth Index



Performance by Quality

Russell 2500™ Value Index



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High Quality is defined as all stocks with an S&P Quality Ranking of B+ and above. Low Quality is defined as all stocks with an S&P Quality Ranking of B and below.

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Quarterly Performance Overview

Small-Mid Cap Quality Value Portfolio
Periods Ending September 30, 2020



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Monthly, Quarterly and Year to Date Performance

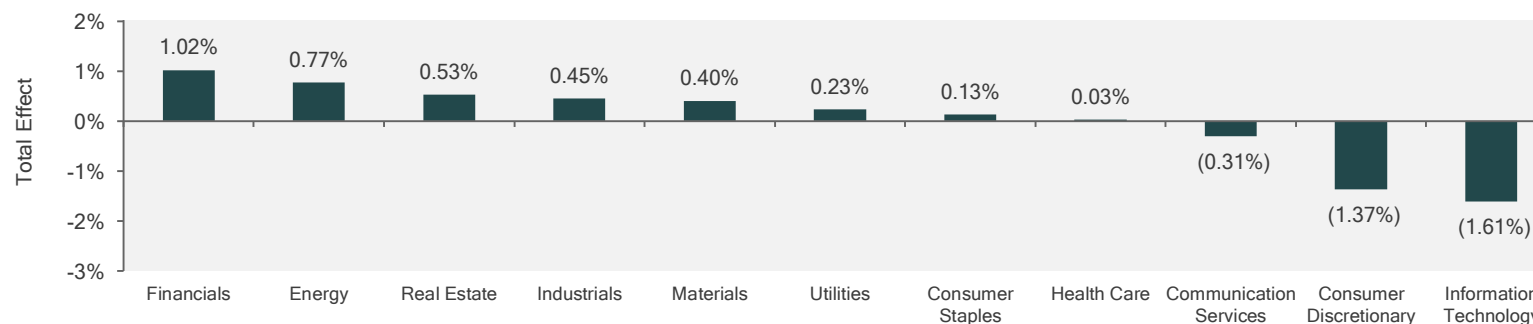
	Gross (%)	Net (%)	Index (%)	Excess Returns (bps)
July	5.01	4.76	3.01	200
August	2.31	2.06	4.54	(223)
September	(4.28)	(4.53)	(3.85)	(43)
Third Quarter	2.84	2.07	3.54	(71)
Year to Date	0.37	(1.87)	(18.39)	1876

Contributors

Highest	Contribution
Scotts Miracle-Gro	+1.16%
Graco	+0.87%
Toro	+0.55%
Cheesecake Factory	+0.50%
National Beverage	+0.47%
Lowest	Contribution
Jack Henry & Associates	(0.46%)
Bank of Hawaii	(0.40%)
Thor Industries	(0.39%)
RBC Bearings	(0.34%)
American Software	(0.31%)

Attribution by Sector

Quarter Ending September 30, 2020



	Financials	Energy	Real Estate	Industrials	Materials	Utilities	Consumer Staples	Health Care	Communication Services	Consumer Discretionary	Information Technology	Total Effect
Russell 2500™ Value Returns	(2.07%)	(16.10%)	(1.56%)	7.13%	9.49%	(1.38%)	5.97%	4.79%	13.41%	15.63%	2.16%	3.54%
KAR Returns	2.70%	0.00%	2.03%	8.50%	11.73%	0.00%	6.29%	5.67%	0.00%	4.23%	(3.70%)	2.84%
KAR Selection Effect	0.73%	0.00%	0.27%	0.31%	0.19%	0.00%	0.03%	(0.01%)	0.00%	(1.19%)	(1.43%)	(1.12%)
KAR Allocation Effect	0.29%	0.77%	0.26%	0.15%	0.20%	0.23%	0.10%	0.04%	(0.31%)	(0.18%)	(0.18%)	1.38%

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The attribution data provided herein is based upon a buy and hold methodology for a representative portfolio. Returns for the Kayne Anderson Rudnick composite are preliminary. All periods less than one year are total returns and are not annualized. 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. Numbers may not always add up due to rounding. Past performance is no guarantee of future results.

Annual Performance Overview

Small-Mid Cap Quality Value Portfolio

Periods Ending September 30, 2020



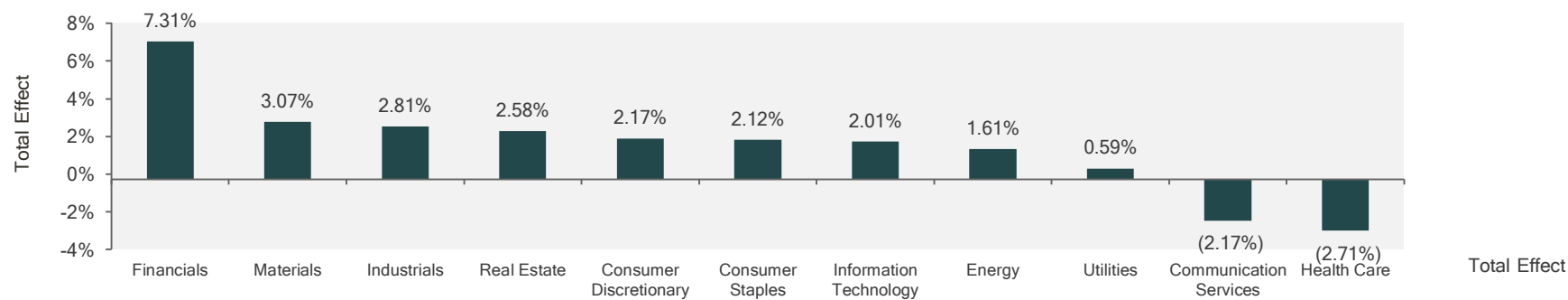
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Quarterly and Annual Performance

	Gross (%)	Net (%)	Index (%)	Excess Returns (bps)
Fourth Quarter 2019	5.25	4.48	7.07	(182)
First Quarter 2020	(22.99)	(23.62)	(34.64)	1165
Second Quarter 2020	26.74	25.87	20.60	615
Third Quarter 2020	2.84	2.07	3.54	(71)
1 Year Ending 9/30/20	5.65	2.52	(12.62)	1826

Attribution by Sector

One Year Ending September 30, 2020



Russell 2500™ Value Returns	(26.54%)	(3.25%)	(5.30%)	(24.41%)	(3.40%)	1.86%	4.06%	(54.96%)	(20.16%)	5.82%	26.31%	(12.62%)
KAR Returns	5.37%	31.11%	5.76%	(6.37%)	22.97%	34.25%	2.55%	(34.65%)	0.00%	(64.72%)	(28.57%)	5.65%
KAR Selection Effect	6.74%	2.58%	2.32%	1.69%	2.11%	1.65%	(0.35%)	(0.27%)	0.00%	(1.76%)	(1.48%)	13.23%
KAR Allocation Effect	0.56%	0.49%	0.49%	0.90%	0.06%	0.47%	2.36%	1.88%	0.59%	(0.41%)	(1.23%)	6.17%

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Highest Contributors

Small-Mid Cap Quality Value Portfolio
One Year Ending September 30, 2020



Kayne Anderson Rudnick
Investment Management

Security	Contribution	Comments
MSCI	+3.91%	MSCI's operational results over the past 12 months have been strong with both revenue and profits growing double-digits. While the emergence of COVID-19 caused an initial sell-off in the stock in the first quarter, shares have since recovered as the company continues to report revenue and profit growth, while maintaining its guidance for the full-year, whereas most companies have pulled guidance due to the uncertainty from COVID-19.
Scotts Miracle-Gro	+3.87%	Scotts Miracle-Gro's hydroponic segment's cannabis grower customers were adversely affected in 2018 by California's cannabis licensing law, which caused many growers to exit the market during that year. We took advantage of this stock weakness to add to our position. In 2019, hydroponic sales ceased their decline and returned to double-digit year-over-year organic growth giving market participants increased confidence that the grower disruption had been mostly worked through which caused the stock to rebound strongly. Further, throughout 2020 demand for inputs both for edible gardening and hydroponics grew as a result of the COVID-19 pandemic.
Thor Industries	+3.28%	Due to COVID-19 and its impact on consumers' lack of interest in utilizing airplanes and hotels for travel purposes, the RV industry (including Thor) has experienced healthy demand for its products as traveling in an RV can permit physical distancing from others while traveling in one's own living space. We continue to believe Thor's competitive position will fundamentally benefit the business over time.
National Beverage	+2.25%	In the last 12 months, National Beverage has overcome the impact of a highly-publicized and ultimately retracted lawsuit alleging La Croix ingredients are not all natural. Over this period, Nielsen data showed continued improvement of La Croix sales growth relative to its sparkling water category. In combination with the launch of new flavors, the company has reported recovering market share and profitability. We continue to monitor market share and believe that National Beverage has retained its position as one of the leaders in the growing sparkling water category.
Teradyne	+2.20%	Teradyne's results this year have benefited from very healthy demand for its Test business. Its investments in innovative tests as well as increasing needs for tests over time have helped drive this business. Further, Teradyne has enjoyed some incremental market share gains. We believe the company's technology is differentiated with a strong use case for driving more automation in factories or warehouses over time.

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Lowest Contributors

Small-Mid Cap Quality Value Portfolio
One Year Ending September 30, 2020



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Security	Contribution	Comments
Cinemark Holdings	(2.46%)	Cinemark has experienced pressure recently due to the impacts and restrictions from shelter-in-place orders across geographies. The impact of social distancing requirements, the shifting of blockbuster movie releases to future dates and the accompanying new release distribution experiments (direct-to-streaming) have resulted in increased uncertainty to its business.
Lamar Advertising	(1.84%)	The emergence of COVID-19 sent Lamar Advertising's shares sharply lower at the end of the first quarter due to concerns that shelter-in-place restrictions would significantly curtail advertising by the company's customers. While results since the first quarter have gradually improved, revenue and profits are still down double-digits compared to last year. In addition, the Board of Directors has continued to hold the quarterly dividend at a reduced level compared to last year as a precautionary measure. Depending on how the year finishes, the dividend could be increased back to pre-COVID-19 levels. It is hard to assess how severe the near-term financial hit from COVID-19 will be on the company, but we believe the business can manage these headwinds and more importantly, the barriers to entry in this industry and the company's dominant local market share will remain intact.
Bank of Hawaii	(1.66%)	Bank of Hawaii's shares have yet to recover from the sharp sell off at the end of the first quarter due to COVID-19. The ongoing pandemic and strict quarantine restrictions in Hawaii have brought tourism to a standstill and caused a significant uptick in unemployment. While we expect the impact of COVID-19 to remain a meaningful near-term headwind for the Hawaiian economy, we think the bank's conservative balance sheet will allow it to navigate this tough environment.
RBC Bearings	(1.55%)	RBC Bearings' shares lagged driven by pandemic-related disruptions in the aerospace segment as well as Boeing 737 MAX aircraft production delays. Importantly, RBC's solid market positioning is intact. The company remains a solid free-cash-flow generator and its balance sheet is pristine.
Cheesecake Factory	(1.48%)	The Cheesecake Factory has come under pressure due to the impacts and restrictions from physical distancing orders across the United States. As a result of these restrictions, dining within The Cheesecake Factory's restaurants are at a limited capacity as permitted by state and local governments. However, The Cheesecake Factory has recently demonstrated its continued value proposition to customers and is recapturing a meaningful share of its pre-COVID restaurant level performance through a combination of on-premises and off-premises dining.

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Purchases

Small-Mid Cap Quality Value Portfolio
Quarter Ending September 30, 2020



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- There were no purchases during the 3rd Quarter 2020.

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Sales

Small-Mid Cap Quality Value Portfolio Quarter Ending September 30, 2020



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Sales	Reasons
Thor Industries—Trimmed Position	Thor Industries and its peers have experienced increasing interest and uptick in recreational vehicle (RV) sales over the past few months as consumers started to focus on out of home getaways and vacation opportunities, particularly during the summer months. RVs are one way to remain socially distant and avoid airplanes and hotels. Used RVs are now in short supply which also bodes well for new RV sales. Accordingly, Thor's stock price has surged since the March lows. While we still believe that Thor is a terrific business as noted by its ability to stay profitable even with temporary factory shut downs, the industry is in better shape today than past economic recessions with leaner dealer inventory and higher demand coming out of the recession thanks to the COVID crisis. We trimmed our position but are comfortable still maintaining a full weight in the portfolio.

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Portfolio Characteristics

Higher Quality, Stronger, More Consistent Growth, & Better Value
Small-Mid Cap Quality Value Portfolio – As of September 30, 2020



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	KAR Small-Mid Cap Quality Value	Russell 2500™ Value Index
Quality		
Return on Equity—Past 5 Years	24.1%	10.3%
Total Debt/EBITDA	2.4 x	7.5 x
Earnings Variability—Past 10 Years	35.2%	66.7%
Growth		
Earnings Per Share Growth—Past 5 Years	14.2%	5.5%
Earnings Per Share Growth—Past 10 Years	10.3%	7.2%
Dividend Per Share Growth—Past 5 Years	13.7%	6.7%
Dividend Per Share Growth—Past 10 Years	10.8%	8.6%
Capital Generation—{ROE x (1-Payout)}	15.5%	7.1%
Value		
P/E Ratio—Trailing 12 Months	34.7 x	36.7 x
Dividend Yield	1.2%	2.1%
Free Cash Flow Yield†	4.4%	6.8%
Market Characteristics		
\$ Weighted Average Market Cap—3-Year Average	\$7.7 B	\$4.8 B
Largest Market Cap—3-Year Average	\$20.4 B	\$15.0 B
Annualized Standard Deviation—Since Inception*	17.3%	19.9%

In a market of average businesses, we seek to 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 seek to own companies producing self-funded strong, consistent growth sustainable into the future.

And we have historically been able to achieve this high quality and strong growth at a discount valuation to the market.

*January 1, 2008

†Free cash flow data is as of June 30, 2020. Prices are as of September 30, 2020. Excludes financials.

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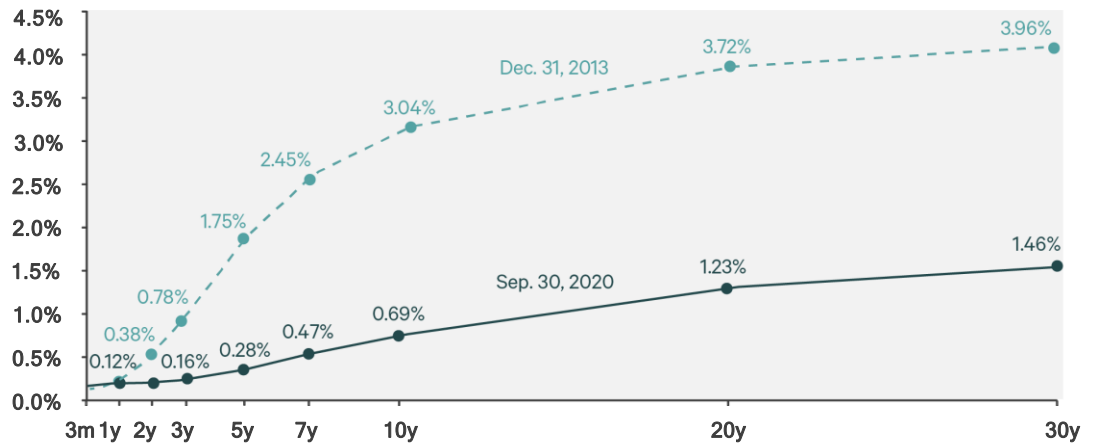
Data is obtained from FactSet Research Systems and BNY Mellon and is assumed to be reliable. Other principal consultant firms may use different algorithms to calculate selected statistics.

Estimates are based on certain assumptions and historical information. **Past performance is no guarantee of future results.**

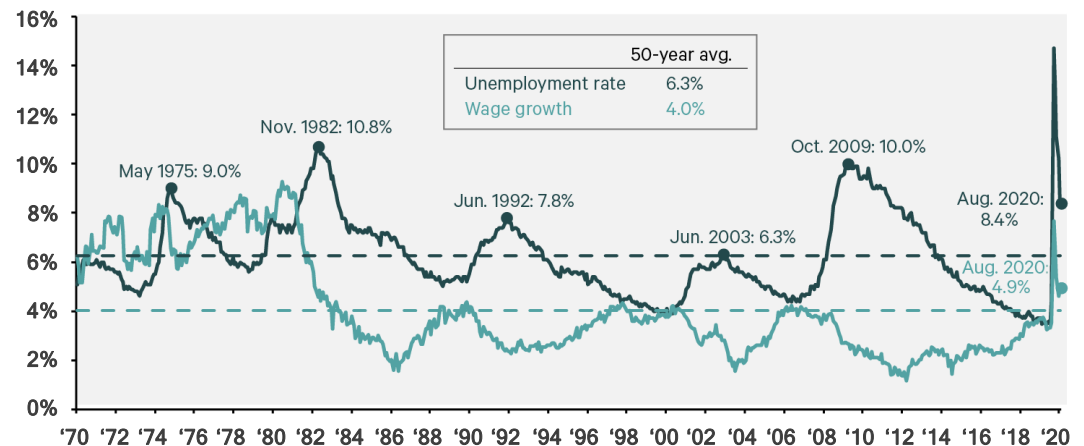
The U.S. and global economies are in a recession due to the COVID-19 health crisis, but have started to resume some normal activity.

- We believe U.S. 2020 growth will decline slightly with a major decline felt in Q2 2020. We expect there will be a slow, but steady recovery from here through year end 2021.
- Consumer behavior is more likely to change longer-term since the virus is still a threat. Streaming, ordering groceries online and video call usage has been accelerated.
- Corporate earnings are going to suffer significantly in the near future due to the shutdown. Visibility on earnings is very low and many companies have withdrawn guidance for the year.
- The yield curve is still fairly flat despite the Fed pushing short-term rates to effectively zero. The Fed may be on hold for an extended period. Low-to-no inflation has given the Fed room to keep rates low.
- The strength of the consumer had been supporting the global economy, but unemployment has soared in the near-term hurting confidence. Fiscal policy is bridging the gap between the shutdown and resumption of normal activity.
- Volatility is likely to decline from here as the health crisis peaks out globally and business conditions slowly return to normal, assuming no major second wave of infections globally.
- Innovation and disruption is continuing at a breathtaking pace in the U.S. in a variety of industries, creating clear winners and losers in many industries. Stock picking is key particularly in this environment.

Yield Curve
U.S. Treasury Yield Curve



Civilian Unemployment Rate and Year-Over-Year Wage Growth for Private Production and Non-Supervisory Workers
Seasonally Adjusted, Percent



Data as of September 30, 2020.

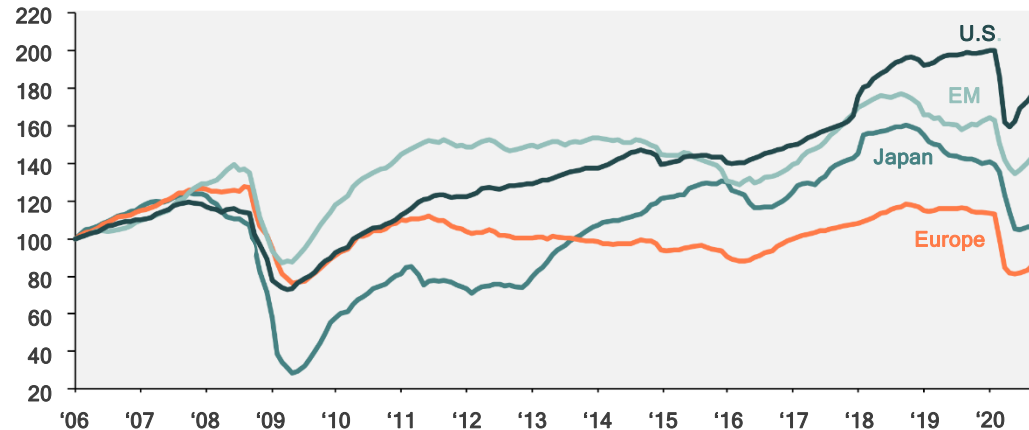
Data is obtained from BLS, FactSet, Federal Reserve and J.P. Morgan Asset Management and is assumed to be reliable. *Past performance is no guarantee of future results.*

Global growth prospects were already weak before the health crisis. The global economy has not escaped a recession either.

- Europe and emerging market economies weakened in early 2019 due to trade disputes with China. COVID-19 has weakened these markets further in 2020. Recovery is likely to be slow.
- Despite the negative impact to emerging markets and international growth rates due to the trade disputes and COVID-19, Asia has done an excellent job of containing the virus and is already starting to see improving business conditions, particularly in China.
- Global inflation expectations are still very benign and this gives central banks the opportunity to keep low short-term rates for an extended timeframe. Global competition, oil prices and modest wage growth are the key drivers behind this longer-term. Global deflation is still the principal threat to developed nations.

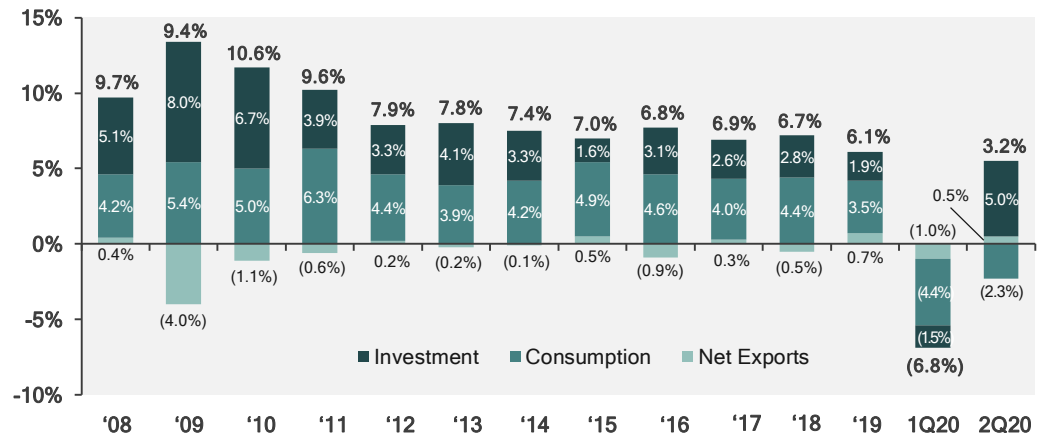
Global Earnings

EPS, Local Currency, Next 12 Months, Jan. 2006 = 100



China Real GDP Contribution

% Change, Year-Over-Year



Data as of September 30, 2020.

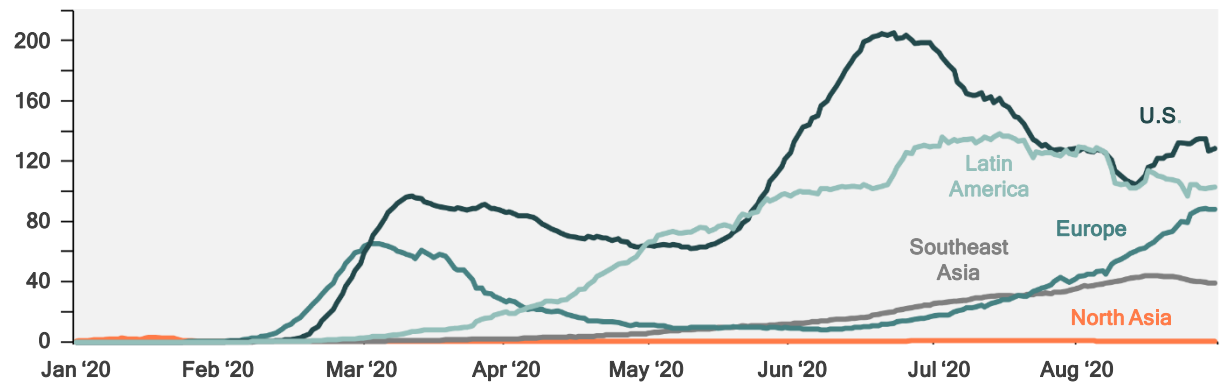
Data is obtained from CEIC, FactSet, MSCI, Standard & Poor's, Thomson Reuters and J.P. Morgan Asset Management and is assumed to be reliable.

The Global Earnings chart uses MSCI indices for all regions/countries, except for the U.S., which is the S&P 500. All indices use IBES aggregate earnings estimates. MSCI Europe includes the eurozone as well as countries not in the currency bloc, such as Norway, Sweden, Switzerland and the UK (which collectively make up 44% of the overall index). **Past performance is no guarantee of future results.**

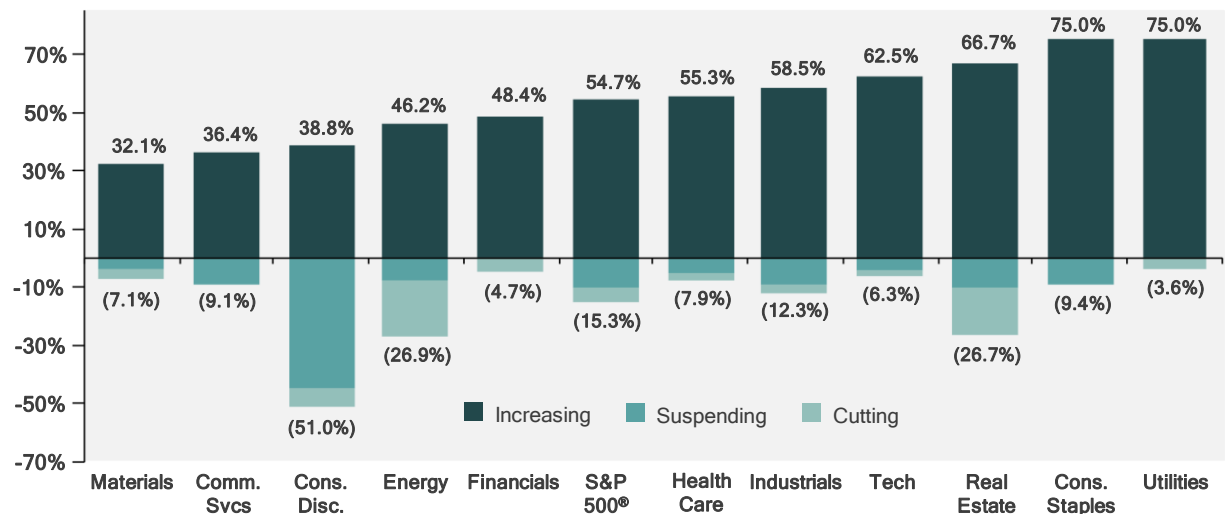
We continue to believe that the risk/reward ratio for equities over the long-term is favorable on an absolute basis and particularly relative to fixed income.

- Business is improving as states reopen, but we are a long way from normal activity. A second wave of infections is threatening reopening plans already. It will take time, and perhaps a vaccine, to fully restore consumer confidence.
- Equity valuations are above normal by historic measures on absolute levels, but still attractive relative to interest rates.
- Foreign markets should recover gradually, particularly China and Asia since the health crisis is fading there. Europe has also been relatively successful at containing the virus, but it is being threatened by a second wave.
- Cash is king right now and investors are solidly focused on debt and balance sheets during this health crisis. Many buybacks have been suspended.
- Corporate profit margins will contract dramatically near-term due to declining revenue and still significant employee costs.
- We believe high-quality businesses with protected markets are a better place to invest than lower quality companies operating in more competitive markets.
- We believe that the outlook for the equity markets continues to be favorable going forward. Volatility will likely decline and we believe the longer term outlook is still favorable as earnings recover.

Daily Increase in Cases
7-Day Moving Average, Per Million People



S&P 500® Dividend Cuts, Suspensions and Increases
2020, % of Dividend Paying Companies by Sector



Data as of September 30, 2020.

Data is obtained from Bloomberg, Compustat, FactSet, Standard & Poor's, Johns Hopkins CSSE, The World Bank, Worldometers and J.P. Morgan Asset Management and is assumed to be reliable. Cases include both laboratory confirmed and "presumptive positive" cases. Dividends cuts, suspensions and increases are based on announcements in 2020 and on current index constituents. **Past performance is no guarantee of future results.**

- **Portfolio Data**
- **Disclosure**

Sector Weights

Small-Mid Cap Quality Value Portfolio

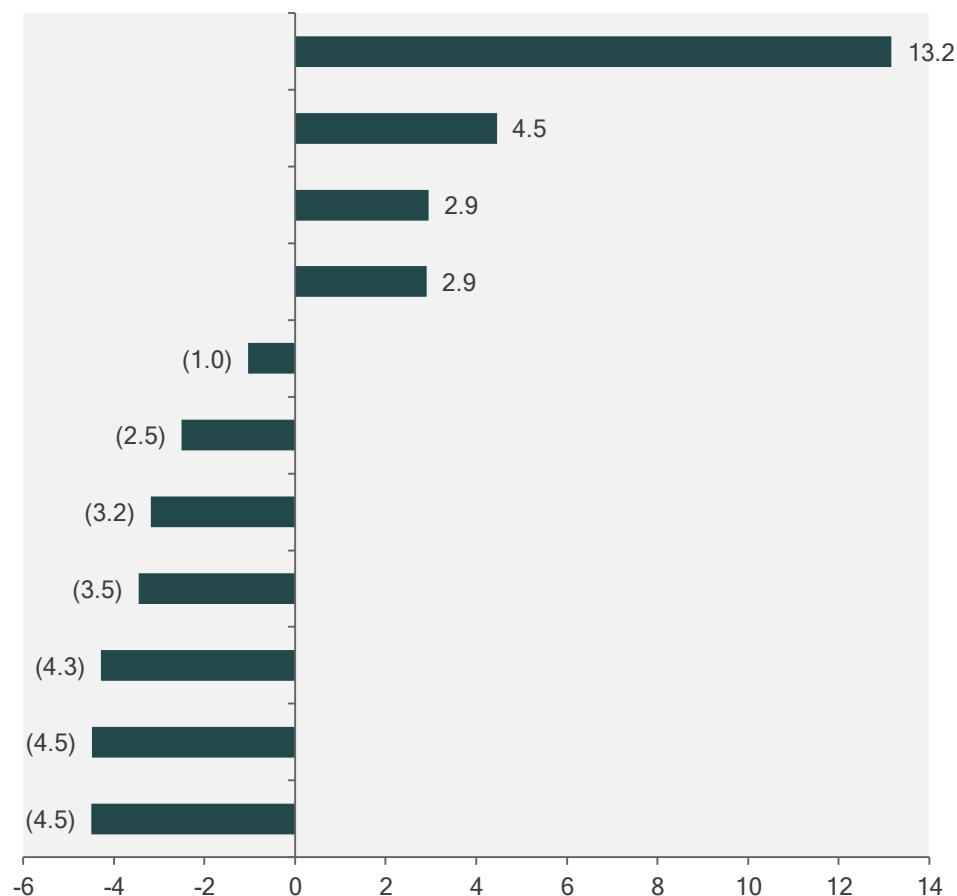
As of September 30, 2020



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Sectors	KAR Small-Mid Cap Quality Value (%)	Russell 2500™ Value Index (%)
Information Technology	21.6	8.5
Industrials	22.4	17.9
Consumer Staples	6.6	3.6
Materials	9.7	6.8
Health Care	5.9	7.0
Consumer Discretionary	10.8	13.3
Energy	—	3.2
Communication Services	—	3.5
Financials	15.4	19.7
Real Estate	7.5	12.0
Utilities	—	4.5

Underweight/Overweight (%)



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Conviction-Driven Investing Provides Opportunities for Excess Return

Small-Mid Cap Quality Value Portfolio

As of September 30, 2020



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Top 10 Holdings	GICS Sector	% of Portfolio
Scotts Miracle-Gro	Materials	7.0
MSCI	Financials	4.8
National Beverage	Consumer Staples	4.5
W. R. Berkley	Financials	4.5
TransUnion	Industrials	4.3
Thor Industries	Consumer Discretionary	4.1
Lamar Advertising	Real Estate	4.1
CorVel	Health Care	4.1
Broadridge Financial Solutions	Information Technology	4.1
Graco	Industrials	3.8
Total		45.3

Research confidence leads to large active weights

	KAR Small-Mid Cap Quality Value	Russell 2500™ Value Index
# of Holdings	29	1,894
Average Position Size (%)	3.4	0.1
Weight of Top Ten Holdings (%)	45.3	4.8
Active Share (%)	97.7	—

The strategy benefits from diversification while still taking significant active positions

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

A complete list of portfolio holdings and specific security transactions for the preceding 12 months is available upon request. 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 from FactSet Research Systems and is assumed to be reliable. Numbers may not always add up due to rounding.

Strong Risk-Adjusted Returns

Small-Mid Cap Quality Value Portfolio

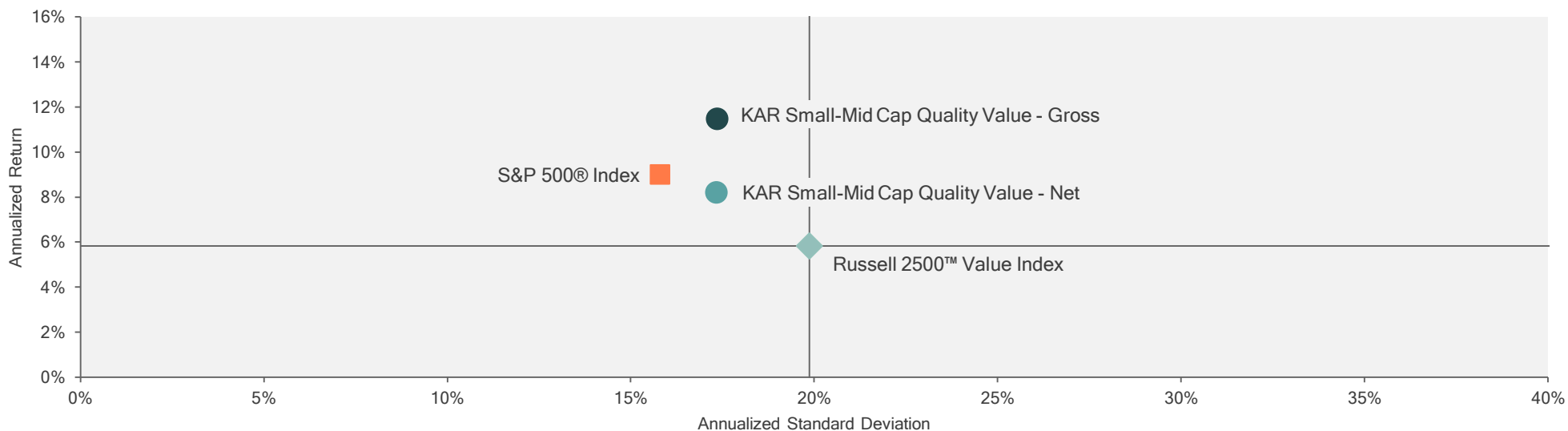
Inception* to September 30, 2020



Kayne Anderson Rudnick
Investment Management

Meaningful Excess Return with Lower Volatility

Annualized Since Inception*



Strong Risk-Adjusted Performance Metrics

Annualized Since Inception*

	Alpha	Sharpe Ratio	Standard Deviation	Semi-Standard Deviation	Beta	Tracking Error
KAR Small-Mid Cap Quality Value	6.11	0.63	17.35	13.17	0.83	6.53
Russell 2500™ Value Index	0.00	0.26	19.87	15.52	1.00	0.00

*January 1, 2008

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 preliminary and are gross of fees unless otherwise specified. 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

Small-Mid Cap Quality Value Portfolio



Kayne Anderson Rudnick
Investment Management

Annualized Performance

Periods Ending 9/30/20	Gross (%)	Net (%)	Index (%)	Excess Return (bps)
Third Quarter	2.84	2.07	3.54	(71)
Year to Date	0.37	(1.87)	(18.39)	1876
1 Year	5.65	2.52	(12.62)	1826
3 Years	8.23	5.04	(2.69)	1092
5 Years	11.92	8.64	4.65	727
7 Years	10.19	6.94	4.33	586
10 Years	12.77	9.46	8.01	476
Since Inception*	11.48	8.20	5.82	566

Calendar Year Performance

Periods Ending 12/31	Gross (%)	Net (%)	Index (%)	Excess Return (bps)
2019	32.48	28.65	23.56	892
2018	(11.08)	(13.74)	(12.36)	128
2017	19.17	15.69	10.36	881
2016	19.40	15.91	25.20	(580)
2015	(0.59)	(3.53)	(5.49)	490
2014	8.88	5.60	7.11	177
2013	36.30	32.41	33.32	298
2012	11.01	7.72	19.21	(821)
2011	7.40	4.32	(3.36)	1076
2010	25.83	22.18	24.82	101
2009	32.51	28.68	27.68	484
2008	(18.99)	(21.47)	(31.99)	1300

*January 1, 2008

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Returns for the Kayne Anderson Rudnick composite are preliminary. All periods less than one year are total returns and are not annualized. 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. Numbers may not always add up due to rounding.

Past performance is no guarantee of future results.

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 or medium-sized companies may enhance that risk. **Limited Number of Investments:** Because the fund has a limited number of securities, it may be more susceptible to factors adversely affecting its securities than a less concentrated fund. **Industry/Sector Concentration:** A fund that focuses its investments in a particular industry or sector will be more sensitive to conditions that affect that industry or sector than a non-concentrated fund. **Market Volatility:** Local, regional, or global events such as war, acts of terrorism, the spread of infectious illness or other public health issues, recessions, or other events could have a significant impact on the portfolio and its investments, including hampering the ability of the portfolio manager(s) to invest the portfolio's assets as intended.

Disclosure

Small-Mid Cap Quality Value Portfolio



Kayne Anderson Rudnick
Investment Management

Year	Composite Pure Gross Return* (%)	Composite Net Return (%)	Russell 2500® Value Index Return (%)	Composite 3-Yr Std Dev (%)	Benchmark 3-Yr Std Dev (%)	Percentage of Wrap-Fee Accounts (%)	Number of Accounts (%)	Internal Dispersion (%)	Composite Assets (\$ Millions)	Firm Assets (\$ Millions)
2010	25.83	22.18	24.82	24.26	27.35	0	< 5	N/A	< 1	4,729
2011	7.40	4.32	(3.36)	20.07	24.57	0	< 5	N/A	1	5,232
2012	11.01	7.72	19.21	13.97	18.67	0	< 5	N/A	85	6,545
2013	36.30	32.41	33.32	12.01	15.29	0	6	0.13	138	7,841
2014	8.88	5.60	7.11	10.65	11.41	0	12	0.09	140	7,989
2015	(0.59)	(3.53)	(5.49)	12.26	12.19	0	< 5	N/A	< 1	8,095
2016	19.40	15.91	25.20	12.26	13.36	100	< 5	N/A	< 1	9,989
2017	19.17	15.69	10.36	10.95	11.98	100	< 5	N/A	< 1	14,609
2018	(11.08)	(13.74)	(12.36)	12.82	13.77	100	< 5	N/A	< 1	17,840
2019	32.48	28.65	23.56	13.58	14.43	100	< 5	N/A	< 1	25,685

*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, 2019. The verification reports are available upon request.

Verification assesses whether (1) the firm has complied with all the composite construction requirements of the GIPS® standards on a firm-wide basis and (2) the firm's policies and procedures are designed to calculate and present performance in compliance with the GIPS® standards. Verification does not ensure the accuracy of any specific composite presentation.

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 composite was created in July 2015. A list of composite descriptions and policies for valuing portfolios, calculating performance and preparing compliant presentations are available upon request.

For periods prior to July 1, 2015, the composite calculations have been linked to the firm's Small-Mid Cap Quality Value actual historical non-wrap fee composite performance.

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. Pure gross returns do not reflect the deduction of any expenses, including trading costs. Net annual returns are calculated by deducting 1/4th of an assumed maximum annual wrap fee of 3% on a quarterly basis. Beginning January 1, 2016, 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.