



Kayne Anderson Rudnick  
Investment Management

Small-Mid Cap Quality Value Portfolio  
Managed Accounts  
Fourth Quarter 2022 Review

# Firm Overview

As of December 31, 2022



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	\$47.5 billion*
Number of Equity Investment Professionals	18
Average Investment Experience	17 Years

\*Figures in USD.

†Please refer to the “Tenets of Quality: Our Quality Business Assessment” slide later in this presentation for KAR’s definition of high-quality businesses.

### 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\*



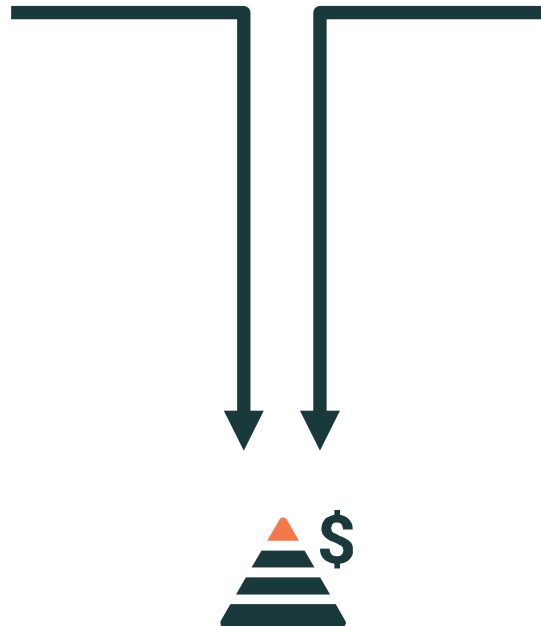
## Competitive Protection

- 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



## HIGH QUALITY BUSINESS

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

# 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	36 Years	11 Years
Julie Kutasov	Portfolio Manager and Senior Research Analyst Sector Coverage: Materials, Industrials and Utilities	21 Years	21 Years
Craig Stone	Portfolio Manager and Senior Research Analyst Sector Coverage: Real Estate and Consumer Discretionary	33 Years	22 Years
Todd Bailey, CFA	Senior Research Analyst Sector Coverage: Financials and Information Technology	23 Years	20 Years
Julie Biel, CFA	Senior Research Analyst Sector Coverage: Information Technology and Health Care	14 Years	9 Years
Jon Christensen, CFA	Senior Research Analyst Sector Coverage: Health Care and Industrials	27 Years	21 Years
Chris Wright, CFA	Senior Research Analyst Sector Coverage: Financials, Information Technology, Energy and Industrials	10 Years	10 Years
Sean Dixon	Research Analyst Sector Coverage: Consumer Discretionary and Industrials	14 Years	4 Years
Arthur Su, CFA	Research Analyst Sector Coverage: Information Technology, Industrials and Consumer Staples	7 Years	<1 Year
Adam Xiao, CFA	Research Analyst Sector Coverage: Financials, Communication Services, Consumer Discretionary, Consumer Staples and Information Technology	9 Years	4 Years
Jordan Greenhouse	Managing Director - Senior Client Portfolio Manager	25 Years <sup>†</sup>	6 Years
James B. May, CFA	Managing Director - Client Portfolio Manager	34 Years <sup>†</sup>	3 Years
Jason Pomatto	Managing Director - Client Portfolio Manager	28 Years <sup>†</sup>	<1 Year

<sup>†</sup>Represents years of industry experience.

# Market Review

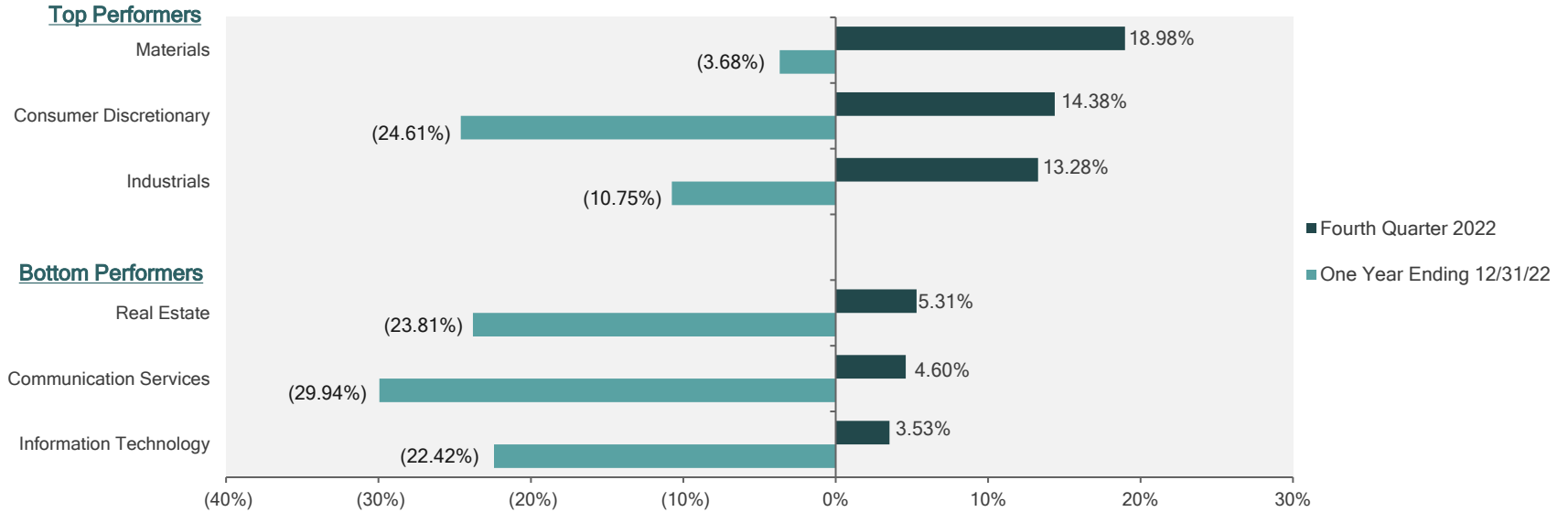
## Performance by Sector and Style



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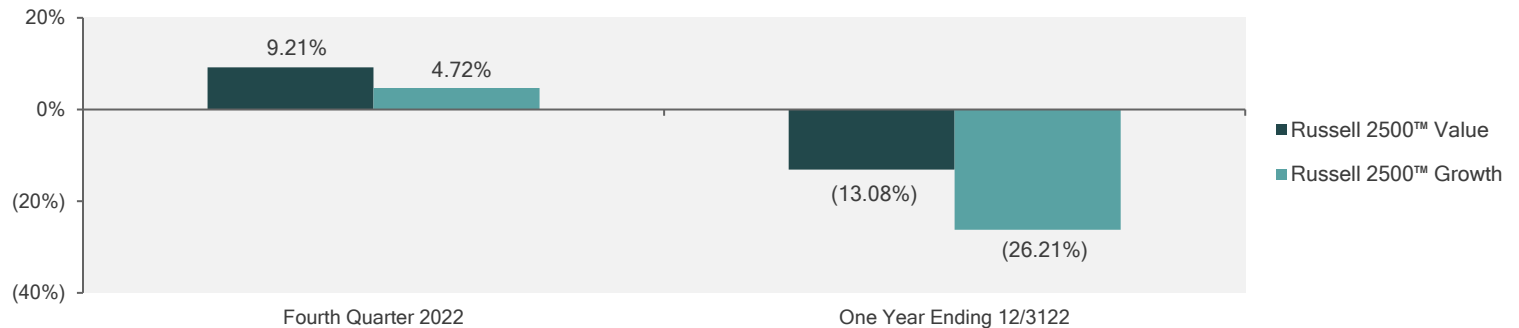
### Sector Performance

Russell 2500™ Value Index



### Performance by Style

Russell 2500™ Value Index vs. Russell 2500™ Growth Index



*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. Past performance is no guarantee of future results.*

# Market Review

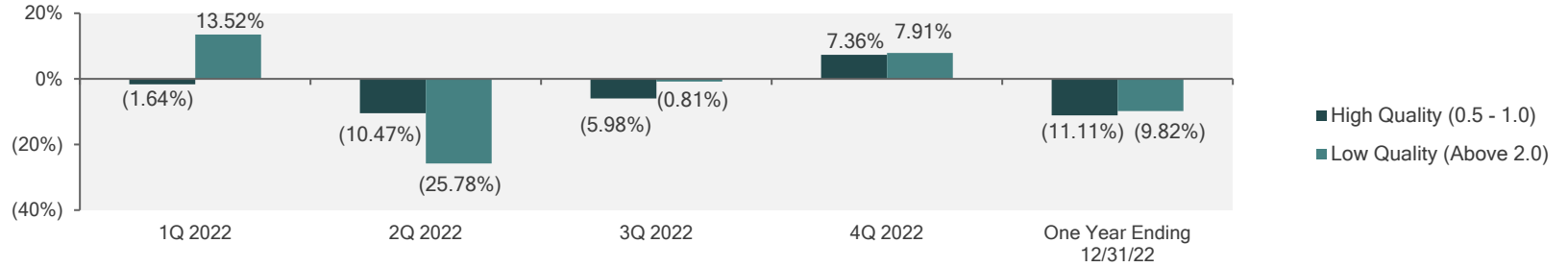
## Performance by Financial Metric



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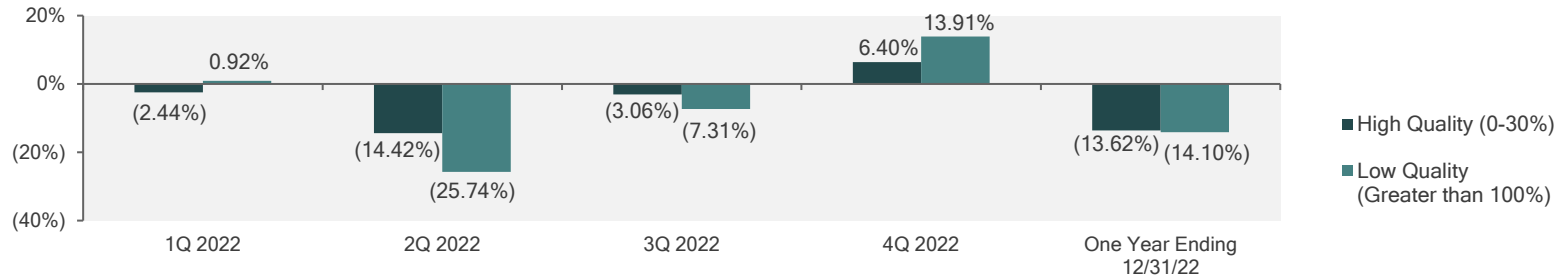
### Performance by Beta

Russell 2500™ Value Index



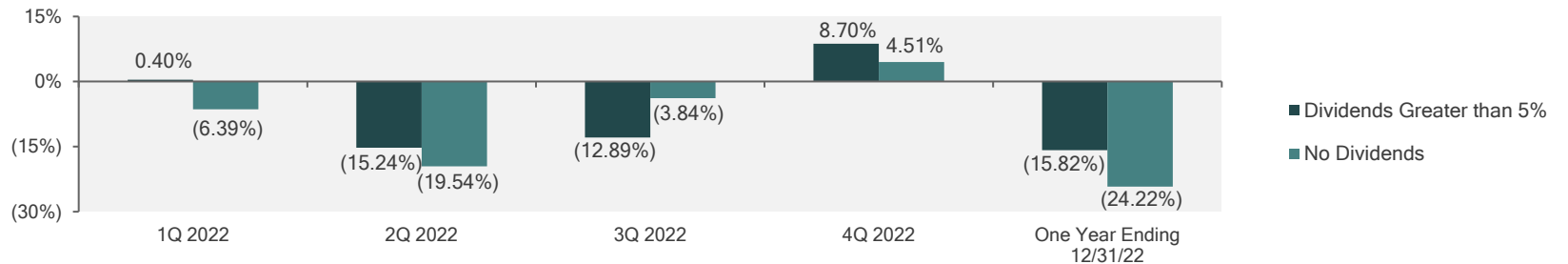
### Performance by Debt/Capital Ratio

Russell 2500™ Value Index



### Performance by Dividend Yield

Russell 2500™ Value Index



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# Quarterly Performance Overview

## Small-Mid Cap Quality Value Portfolio

Periods Ending December 31, 2022



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### Monthly and Quarterly Performance

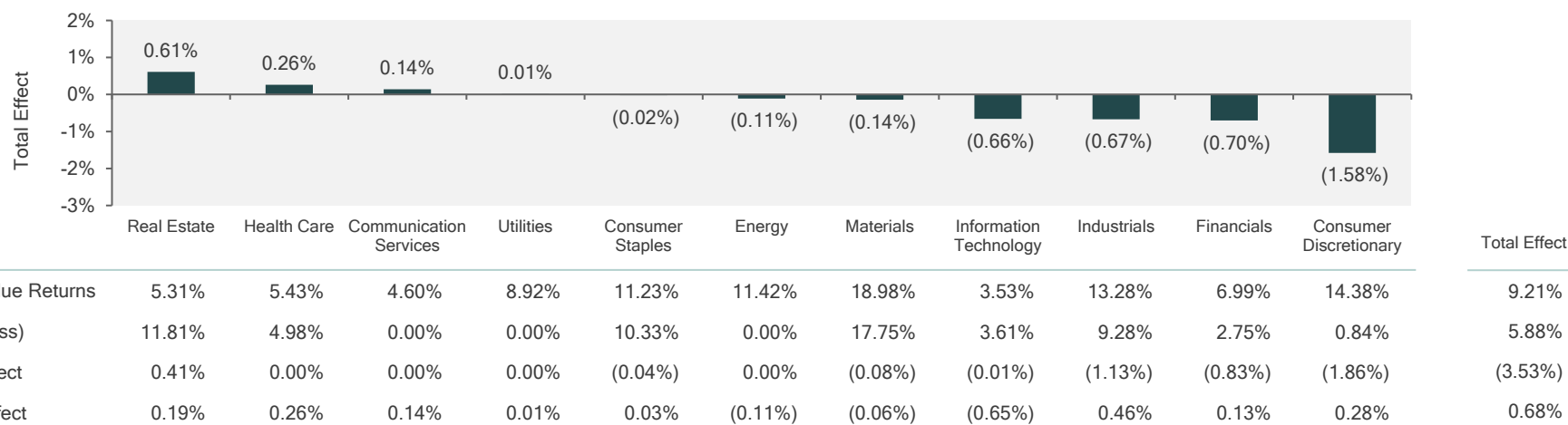
	Gross (%)	Net (%)	Index (%)	Excess Returns - Net (bps)
October	9.54	9.29	10.56	(127)
November	3.52	3.27	5.02	(175)
December	(6.63)	(6.88)	(5.94)	(94)
Fourth Quarter	5.88	5.10	9.21	(411)

### Annualized Performance

Periods Ending 12/31/22	Gross (%)	Net (%)	Index (%)
1 Year	(19.94)	(22.36)	(13.08)
5 Years	7.32	4.15	4.75
10 Years	11.57	8.29	8.93

### Attribution by Sector

Quarter Ending December 31, 2022



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*The attribution data provided herein is based upon a buy and hold methodology and gross returns 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. Past performance is no guarantee of future results. Returns could be reduced, or losses incurred, due to currency fluctuations.*



# Highest Contributors

Small-Mid Cap Quality Value Portfolio  
Quarter Ending December 31, 2022



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Security	Contribution	Comments
Toro	+1.11%	Toro experienced solid demand for its products and has been able to pass through pricing to combat inflationary pressures and drive improved profitability.
W. R. Berkley	+0.70%	Underwriting profits have been healthy at W.R. Berkley despite catastrophe losses suffered from Hurricane Ian. We believe the company's specialty Property & Casualty markets should continue hardening amid capital scarcity and ongoing commercial demand.
National Beverage	+0.62%	National Beverage raised prices to combat inflationary cost pressures. Higher aluminum costs also dissipated in the most recent quarter resulting in some profit recovery. Altogether, shares reacted favorably to the improvement in margins.
H.B. Fuller	+0.52%	H. B. Fuller's shares performed strongly after the company reported solid operating results and increased its annual outlook despite slowing economic conditions and persistent cost inflation. The company's pricing power allows it to more than offset higher raw materials and delivery costs.
Landstar System	+0.46%	Despite a substantial decline in spot pricing for trucking, Landstar grew revenue and earnings per share in the most recent quarter. These positive operating results in the midst of a challenging environment helped push the share price higher.

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# Lowest Contributors

Small-Mid Cap Quality Value Portfolio  
Quarter Ending December 31, 2022



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Security	Contribution	Comments
Leslie's	(0.57%)	Leslie's management provided conservative guidance that could see declines in 2023 due to potential lower chlorine pricing, which caused the company's shares to decline.
Armstrong World Industries	(0.32%)	Armstrong's shares lagged after the company reported weaker-than-expected operating results (driven by construction project delays and persistent cost inflation), causing the company to lower its annual outlook.
Broadridge Financial Solutions	(0.26%)	In the most recent quarter, Broadridge Financial Solutions reported healthy organic revenue growth, but saw profits decline due to lower event driven revenues combined with infrastructure investments. The decline in profits caused shares to underperform.
Jack Henry & Associates	(0.18%)	In the most recent quarter, Jack Henry reported continued revenue growth but an unexpected decline in profit margins. While management reiterated their guidance for the full-year, the quarterly margin contraction sent the share price lower.
WD-40	(0.17%)	During the quarter, WD-40 missed revenue and margin targets and lowered full year guidance, sending the shares down.

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# Annual Performance Overview

## Small-Mid Cap Quality Value Portfolio

### Periods Ending December 31, 2022



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#### Quarterly and Annual Performance

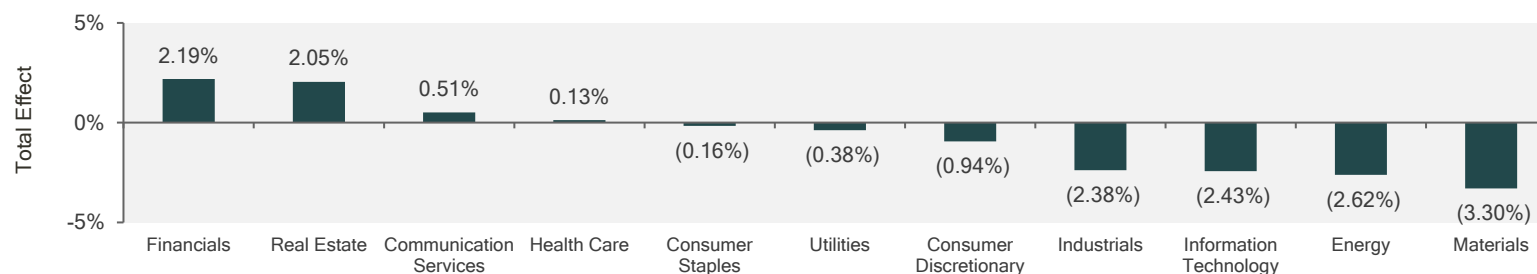
	Gross (%)	Net (%)	Index (%)	Excess Returns - Net (bps)
First Quarter 2022	(11.64)	(12.33)	(1.50)	(1,083)
Second Quarter 2022	(10.80)	(11.50)	(15.39)	390
Third Quarter 2022	(4.06)	(4.79)	(4.50)	(29)
Fourth Quarter 2022	5.88	5.10	9.21	(411)
1 Year Ending 12/31/22	(19.94)	(22.36)	(13.08)	(927)

#### Annualized Performance

Periods Ending 12/31/22	Gross (%)	Net (%)	Index (%)
1 Year	(19.94)	(22.36)	(13.08)
5 Years	7.32	4.15	4.75
10 Years	11.57	8.29	8.93

#### Attribution by Sector

One Year Ending December 31, 2022



	Financials	Real Estate	Communication Services	Health Care	Consumer Staples	Utilities	Consumer Discretionary	Industrials	Information Technology	Energy	Materials	Total Effect
Russell 2500™ Value Returns	(10.95%)	(23.81%)	(29.94%)	(23.02%)	(5.62%)	(1.95%)	(24.61%)	(10.75%)	(22.42%)	52.13%	(3.68%)	(13.08%)
KAR Returns (Gross)	7.25%	2.60%	0.00%	(35.09%)	(11.46%)	0.00%	(26.82%)	(20.64%)	(27.71%)	0.00%	(49.22%)	(19.94%)
KAR Selection Effect	2.35%	1.46%	0.00%	(0.41%)	(0.24%)	0.00%	(0.18%)	(2.65%)	(1.26%)	0.00%	(3.37%)	(4.30%)
KAR Allocation Effect	(0.16%)	0.59%	0.51%	0.53%	0.08%	(0.38%)	(0.76%)	0.27%	(1.16%)	(2.62%)	0.07%	(3.03%)

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# Highest Contributors

Small-Mid Cap Quality Value Portfolio  
One Year Ending December 31, 2022



Kayne Anderson Rudnick  
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Security	Contribution	Comments
W. R. Berkley	+1.29%	Underwriting profits have been healthy at W.R. Berkley despite catastrophe losses suffered from Hurricane Ian. The outlook is favorable too as specialty Property & Casualty markets should continue hardening amid capital scarcity and ongoing commercial demand.
LPL Financial	+0.97%	Over the trailing 12 months, LPL Financial reported consistent advisor growth. Combined with the rise in federal interest rates, company profits increased and the stock appreciated.
Toro	+0.69%	Toro continues to experience solid demand for its products and has been able to pass through pricing to combat inflationary pressures and drive improved profitability.
CDK Global	+0.52%	Shares of CDK Global rose in early April 2022 following the company's acquisition announcement. The acquisition transaction closed on July 6, 2022.
VICI Properties	+0.49%	At end of April, 2022, VICI Properties' officially closed the deal to acquire MGM Growth Properties (MGP), our initial investment company. MGP protected well during the pandemic with continuation of dividend payments. The combined companies are now in control of the vast majorities of the Las Vegas strip properties under the Caesars and MGM Grand brands. With a sustainable dividend yield and a still attractive cap rate relative to other triple net lease structured REIT properties, we elected to retain the shares of VICI after the merger was completed.

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# Lowest Contributors

Small-Mid Cap Quality Value Portfolio  
One Year Ending December 31, 2022



Kayne Anderson Rudnick  
Investment Management

Security	Contribution	Comments
Scotts Miracle-Gro	(3.79%)	Scotts Miracle-Gro's shares lagged as the conflict in Ukraine created unprecedented pressure on commodity prices such as urea - a key ingredient in fertilizer products. The company was unable to recoup the impact of higher costs and shares suffered further in early June following the company's revised annual outlook that reflected lower-than-anticipated order replenishment by retailers. In August shares declined again following the company's reports of lower-than-expected operating results, reduction of the annual free cash flow outlook, and an unexpected departure of the Chief Financial Officer. At the same time cannabis oversupply issues continued to weigh on the performance of Hawthorne, the company's hydroponics division.
Zebra Technologies	(2.58%)	Over the past twelve months, the company faced increasing supply chain costs which lowered profitability expectations. More recently, Zebra suffered from poor execution around a distribution center transition that impacted revenue growth meanwhile noting softening pockets of demand. Combined with a general rotation out of technology stocks, shares have come under pressure across the year.
TransUnion	(2.27%)	Over the last twelve months, mortgage headwinds worsened and non-mortgage lending conditions began to soften, resulting in negative guidance revisions across the year. Combined with merger and acquisition integration risks and high leverage, shares of Transunion have underperformed.
Teradyne	(1.98%)	The semiconductor industry and related equipment demand is cyclical. Over the last twelve months, Teradyne's shares underperformed due to order pushouts at TSMC, a broader slowdown in test equipment demand beginning in the third quarter after several years of strong spending, and general rotation out of technology stocks.
Leslie's	(1.90%)	Leslie's stock experienced price declines as investors worried about the prospect of slowing housing sales, a looming recession, and higher interest rates. Having faced nearly every kind of economic cycle in its operating history, we believe that the non-discretionary spend of the pool industry provides Leslie's some resiliency not seen in most industries.

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# Purchases

## Small-Mid Cap Quality Value Portfolio Quarter Ending December 31, 2022



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Purchases	Descriptions/Reasons
Gentex—Increased Position	Shares of Gentex have underperformed given the dramatic decline in global light vehicle (LV) production driven by industry-wide component shortages, supply chain disruptions, and consequent input costs' inflation putting pressure on the company's revenue growth and profitability. We continue to admire Gentex's dominant market position in the automotive automatic-dimming mirrors (ADM) market and believe that the company's scale should continue to protect it from competition and support its industry-leading profitability and consistent free-cash-flow generation. With the shares' valuation attractive, we increased our position.
Oshkosh—Increased Position	Though Oshkosh has record backlogs, the company's margins have been pressured due to continued supply chain issues and increases in input costs that have not been realized in full price increases. However, we still believe that Oshkosh offers compelling return potential and therefore we increased our weight in the portfolio.
TransUnion—Increased Position	TransUnion's management lowered growth and earnings expectations as interest rates have risen and resulted in worsening mortgage headwinds. Additionally, the company completed a couple of large acquisitions which has increased potential integration risks and added more leverage on the balance sheet. However, longer-term, we believe in the strength of Transunion's significant database and analytics capabilities, the company's strong free-cash-flow generation, and international expansion opportunities. Therefore, we increased our position.
WD-40—Increased Position	WD-40's stock declined due to significant input costs' inflation putting pressure on the company's near-term profitability. However, fundamentals of the business remain strong and the company's higher-margin Specialist product line continues to grow nicely. Importantly, WD-40's solid market positioning has allowed the company to significantly increase pricing to combat input costs' inflation. With the shares' valuation attractive, we increased our position in this high quality company.

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# Sales

## Small-Mid Cap Quality Value Portfolio Quarter Ending December 31, 2022



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Sales	Reasons
Rentokil Initial—Sold Entire Position	The acquisition of Terminix by Rentokil Initial was completed on October 12, 2022. We tendered our shares for cash, but the portfolio was left with residual stub shares in Rentokil after the cash tender process. We sold the remaining Rentokil shares as we did not want to hold this European-based company.

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# Portfolio Characteristics

## Small-Mid Cap Quality Value Portfolio

### As of December 31, 2022



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	KAR Small-Mid Cap Quality Value	Russell 2500™ Value Index
<b>Quality</b>		
Return on Equity—Past 5 Years	26.0%	11.6%
Total Debt/EBITDA*	2.1 x	2.9 x
Earnings Variability—Past 10 Years	34.2%	73.2%
<b>Growth</b>		
Earnings Per Share Growth—Past 5 Years	11.4%	12.0%
Earnings Per Share Growth—Past 10 Years	10.9%	8.6%
Dividend Per Share Growth—Past 5 Years	12.8%	6.0%
Dividend Per Share Growth—Past 10 Years	12.1%	7.5%
Capital Generation—{ROE x (1-Payout)}	16.4%	8.2%
<b>Value</b>		
P/E Ratio—Trailing 12 Months	22.5 x	16.3 x
Dividend Yield	1.6%	2.1%
Free Cash Flow Yield†	3.2%	2.9%
<b>Market Characteristics</b>		
\$ Weighted Average Market Cap—3-Year Average	\$10.0 B	\$6.2 B
Largest Market Cap—3-Year Average	\$33.6 B	\$23.9 B
Annualized Standard Deviation—Since Inception‡ (Net of Fees)	17.7%	20.2%

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.

\*KAR utilizes the interquartile method when calculating TD/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.

†Free cash flow data is as of September 30, 2022. Prices are as of December 31, 2022. Excludes financials.

‡January 1, 2008

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Data is obtained from FactSet Research Systems and BNY Mellon and is assumed to be reliable. The statistics presented above are based on a representative portfolio. Actual results may vary. 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.

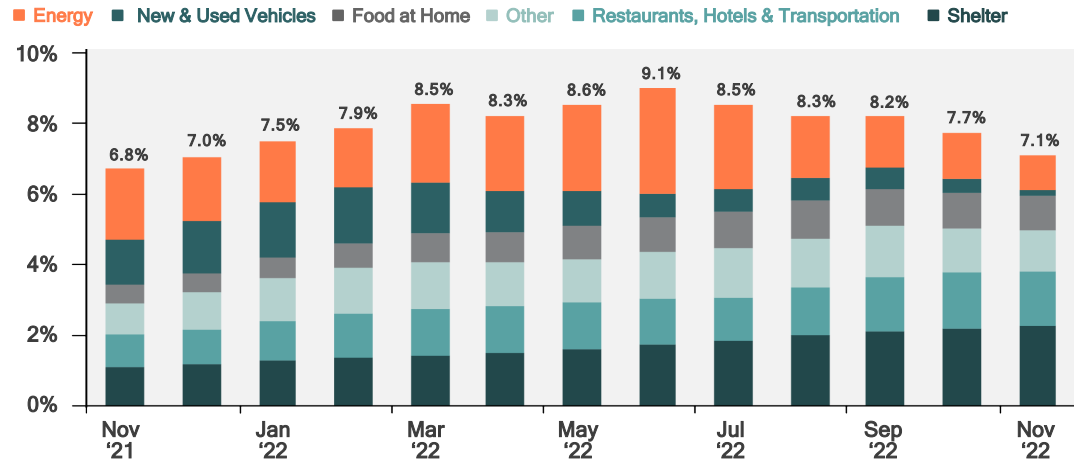


We believe the economy will continue to slow in 2023. Hawkish monetary policy in response to unacceptable levels of inflation is slowing economic growth already and threatens to engineer a hard landing in 2023.

- We believe corporate profit growth will moderate in 2023 but will remain slightly positive. However, recession risks, due to rising inflation, are growing and threatening earnings per share growth over the next year. We believe recession concerns have started to become the dominant investor concern replacing inflation.
- Inflation concerns started to moderate since June 2022. Continued improvement in the inflation outlook should give the Federal Reserve more flexibility in monetary policy in the future. We believe the Fed is attempting to fight inflation without pushing the economy into a severe recession.
- Monetary policy is already slowing sectors, such as autos, housing, raw materials, used car prices, and even rents now.
- Short-term interest rate increases and slowing GDP and corporate profits could lead to continued volatility in 2023.

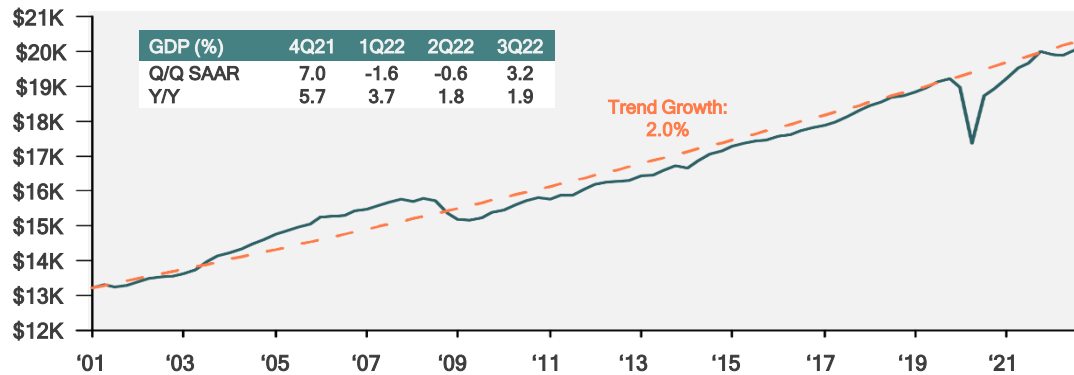
**Figure 1: Contributors to Headline Inflation**

Contribution to Y/Y % Change in CPI, Non Seasonally Adjusted



**Figure 2: Real GDP**

Billions of Chained (2012) Dollars, Seasonally Adjusted at Annual Rates



Data as of December 31, 2022. Figure 1 data is obtained from Compustat, FactSet, Standard & Poor's and J.P. Morgan Asset Management and is assumed to be reliable. Figure 2 data is obtained from BEA, FactSet and J.P. Morgan Asset Management and is assumed to be reliable. Contributions mirror the BLS methodology on Table 7 of the CPI report. Values may not sum to headline CPI figures due to rounding and underlying calculations. "Shelter" includes owner's equivalent rent and rent of primary residence. "Other" primarily reflects household furnishings, apparel, education and communication services, medical care services and other personal services. Values may not sum to 100% due to rounding. Trend growth is measured as the average annual growth rate from business cycle peak 1Q01 to business cycle peak 4Q19. **Past performance is no guarantee of future results.**

The global economy is still significantly slowing as well due to interest rate increases by many central banks.

- Global inflation expectations have risen along with the U.S., particularly in Asia where numerous city and country shutdowns have continued to contribute to the supply/demand shortfall globally. Supply chain issues finally appear to be improving.
- The U.S. has continued to produce significant returns for over a decade now; however, if the technology sector decline continues, diversification and foreign markets may do relatively better because of a lack of technology exposure in many of the international developed indices.
- Emerging markets struggled in 2022 with the prospect of rising interest rates and continued COVID-19 variants causing economic disruptions. China's regulatory crackdown was a clear negative for many Chinese technology and educational companies. China is struggling to grow now, but policies are starting to shift back to fostering recovery.
- The invasion of Ukraine has negative implications for European economic growth. The longer the conflict lasts, the more likely Europe will slip into a deeper recession.

Figure 3: Global PMI Input and Output Prices\*

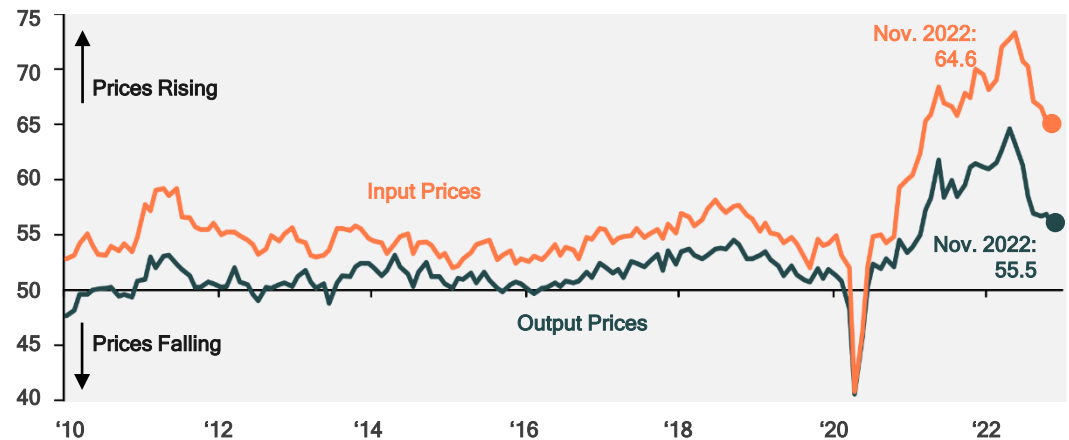
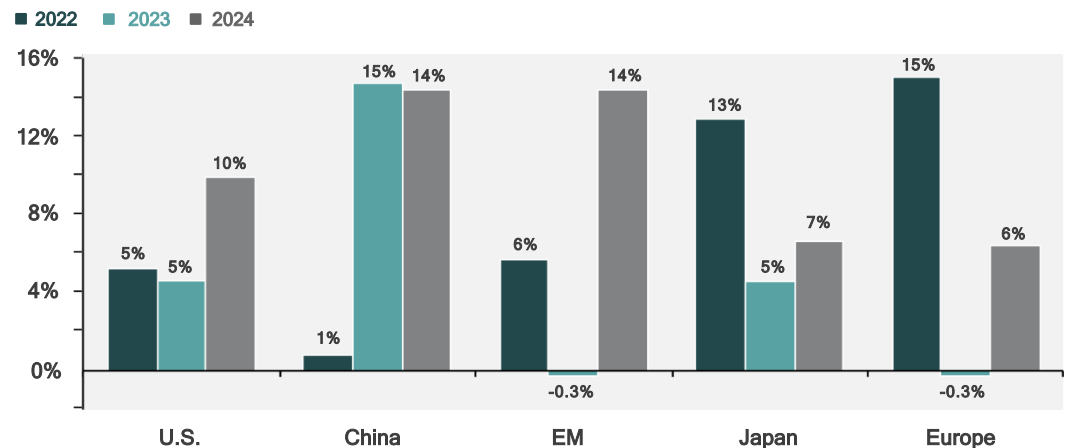


Figure 4: Global Earnings Growth  
Calendar Year Consensus Estimates



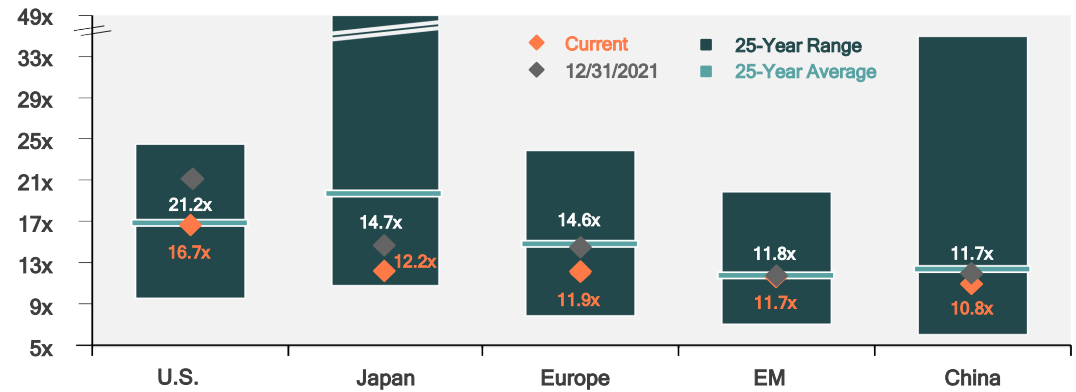
Data as of December 31, 2022. Figure 3 data is obtained from Standard & Poor's and J.P. Morgan Asset Management and is assumed to be reliable. Figure 4 data is obtained from FactSet, MSCI, Standard & Poor's, Thomson Reuters and J.P. Morgan Asset Management and is assumed to be reliable. \*Participants are asked: "Are input/output prices the same, higher or lower?". Values shown reflect the composite index, which includes both manufacturing and services. A reading of 50 = no change, >50 = price increase, <50 = price decrease. Calendar year consensus estimates are based on pro-forma earnings. 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.**

- Monetary policy should continue to slow the economy into 2023. However, slower growth and/or a recession may not be as deep as the market currently fears.
- Equity valuations are about normal by historic measures on absolute levels. We think earnings are likely to continue to improve from here on a multi-year basis, albeit at a slower rate.
- Geopolitical events have caused a more uncertain outlook for global growth, including the U.S.
- Corporate profit margins are declining due to high input costs, transportation bottlenecks, and supply constraints although these factors are moderating now.
- In our view, the biggest risk is the Fed overshoots rate increases and slows the economy more than expected and we enter a deeper than anticipated recession over the next 12-to-24 months.
- We believe high-quality businesses with protected markets are a better place to invest than lower quality companies operating in more competitive markets over the long term.
- Long-term interest rates need to at least plateau for equities to stage a substantial turnaround.

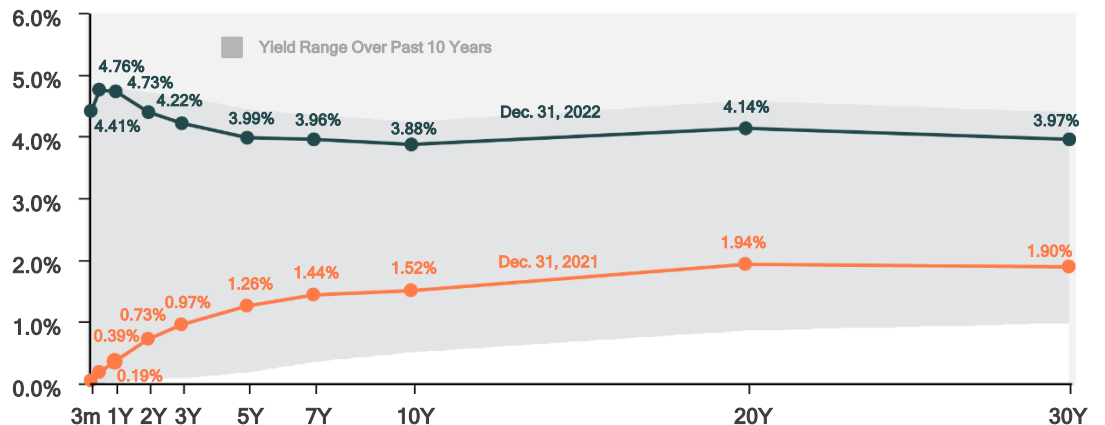
**Figure 5: Global Valuations**

Current and 25-Year Next 12 Months Price-to-Earnings Ratio



**Figure 6: Yield Curve**

U.S. Treasury Yield Curve



Data as of December 31, 2022. Figure 5 data is obtained from FactSet, MSCI, Standard & Poor's, Thomson Reuters and J.P. Morgan Asset Management and is assumed to be reliable. Figure 6 data is obtained from FactSet, Federal Reserve and J.P. Morgan Asset Management and is assumed to be reliable. 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.**

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

# Sector Weights

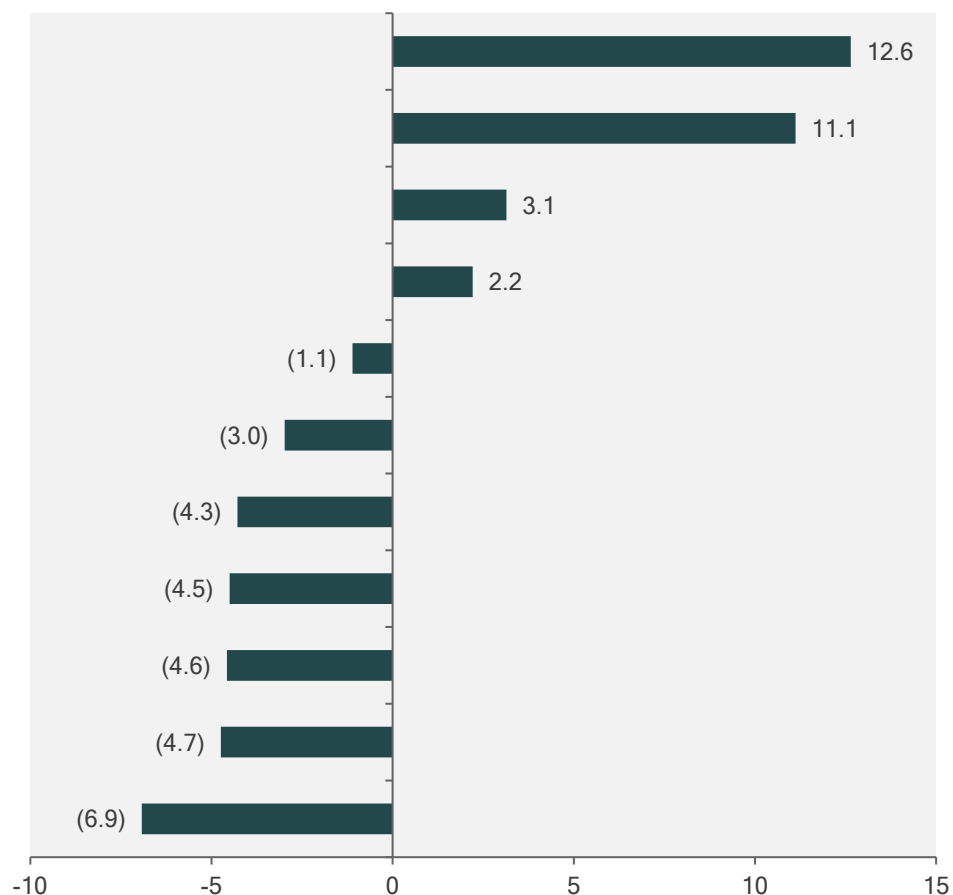
Small-Mid Cap Quality Value Portfolio  
As of December 31, 2022



Kayne Anderson Rudnick  
Investment Management

Sectors	KAR Small-Mid Cap Quality Value (%)	Russell 2500™ Value Index (%)
Industrials	30.2	17.6
Information Technology	19.5	8.4
Consumer Staples	6.2	3.0
Consumer Discretionary	13.0	10.8
Materials	5.1	6.2
Communication Services	—	3.0
Utilities	—	4.3
Financials	17.4	21.9
Real Estate	6.8	11.3
Energy	—	4.7
Health Care	1.9	8.8

## Underweight/Overweight (%)



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

*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.*

# Top Ten Holdings

## Small-Mid Cap Quality Value Portfolio

### As of December 31, 2022



Kayne Anderson Rudnick  
Investment Management

Top 10 Holdings	GICS Sector	% of Portfolio
W. R. Berkley	Financials	5.9
Jack Henry & Associates	Information Technology	4.9
VICI Properties	Real Estate	4.6
Toro	Industrials	4.4
LPL Financial	Financials	4.1
Landstar System	Industrials	4.1
RBC Bearings	Industrials	4.0
TransUnion	Industrials	4.0
Zebra Technologies	Information Technology	3.9
Bank of Hawaii	Financials	3.8
<b>Total</b>		<b>43.7</b>

Research confidence leads to large active weights

	KAR Small-Mid Cap Quality Value	Russell 2500™ Value Index
# of Holdings	30	1,818
Average Position Size (%)	3.3	0.1
Weight of Top Ten Holdings (%)	43.7	4.4
Active Share (%)	98.6	—

The strategy benefits from diversification while still taking significant active positions

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# Returns

## Small-Mid Cap Quality Value Portfolio



Kayne Anderson Rudnick  
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### Annualized Performance

Periods Ending 12/31/22	Gross (%)	Net (%)	Index (%)	Excess Return - Net (bps)
Fourth Quarter	5.88	5.10	9.21	(411)
1 Year	(19.94)	(22.36)	(13.08)	(927)
3 Years	6.51	3.37	5.22	(185)
5 Years	7.32	4.15	4.75	(60)
7 Years	10.61	7.36	8.26	(90)
10 Years	11.57	8.29	8.93	(64)
Since Inception*	11.04	7.78	7.45	33

### Calendar Year Performance

Periods Ending 12/31	Gross (%)	Net (%)	Index (%)	Excess Return - Net (bps)
2022	(19.94)	(22.36)	(13.08)	(927)
2021	22.18	18.62	27.78	(916)
2020	23.53	19.93	4.88	1,505
2019	32.48	28.65	23.56	508
2018	(11.08)	(13.74)	(12.36)	(138)
2017	19.17	15.69	10.36	533
2016	19.40	15.91	25.20	(929)
2015	(0.59)	(3.53)	(5.49)	195
2014	8.88	5.68	7.11	(143)
2013	36.30	32.37	33.32	(96)
2012	11.01	7.75	19.21	(1,146)
2011	7.40	4.24	(3.36)	760
2010	25.83	22.18	24.82	(264)
2009	32.51	28.67	27.68	99
2008	(18.99)	(21.44)	(31.99)	1,055

\*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. All periods less than one year are total returns and are not annualized. 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.** Returns could be reduced, or losses incurred, due to currency fluctuations.

**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 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:** Local, regional, or global events such as war, acts of terrorism, the speed 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.

# Risk-Return Analysis

## Small-Mid Cap Quality Value Portfolio

### Inception\* to December 31, 2022



Kayne Anderson Rudnick  
Investment Management

### Meaningful Excess Return with Lower Volatility

Annualized Since Inception\*



### Performance Statistics

Annualized Since Inception\*

	Alpha (%)	Sharpe Ratio	Standard Deviation (%)	Semi-Standard Deviation (%)	Beta	Tracking Error
KAR Small-Mid Cap Quality Value - Gross	4.37	0.59	17.73	13.25	0.83	6.75
KAR Small-Mid Cap Quality Value - Net	1.29	0.40	17.73	13.25	0.83	6.75
Russell 2500™ Value Index	0.00	0.34	20.23	15.50	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. 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.



# 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 (%)	Number of Accounts	Internal Dispersion (%)	Composite Assets (\$ Millions)	Firm Assets (\$ Millions)
2012	11.01	7.75	19.21	13.97	18.67	< 5	N/A	85	6,545
2013	36.30	32.37	33.32	12.01	15.29	6	0.13	138	7,841
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

\*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, 2021. 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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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, 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 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.