

Small Cap Core Portfolio

Second Quarter 2022 | Managed Accounts

Portfolio Review

The Small Cap Core portfolio outperformed the Russell 2000 Index in the second quarter. Good stock selection in industrials and consumer discretionary contributed positively to performance. Poor stock selection and an underweight in energy and an underweight in utilities detracted from performance.

The biggest contributors to performance during the quarter were FTI Consulting and BancFirst.

- FTI Consulting reported a strong quarter of revenue growth, healthy profits, and sustained through-the-cycle investments to headcount. Market participants viewed the company's results and business outlook favorably, causing the shares to rally.
- BancFirst reported growth in loans, deposits, and earnings per share as well as strong credit quality metrics. The bank has excess cash on its balance sheet which will be redeployed into loans and higher yielding fixed income securities.
- Other top contributors included Autohome, RLI, and Acushnet.

The biggest detractors from performance during the quarter were First Hawaiian and Manhattan Associates.

- First Hawaiian declined in the quarter after the company reported tepid loan growth and comments about a slight increase in competition in the local Hawaiian market. Operating expenses also will be elevated this year, but we believe the bank should get a boost from higher interest rates. More recently, investors have become increasingly concerned about a slowdown in the economy due to the Federal Reserve's more aggressive interest rate policy.
- Manhattan Associates reported a strong sales quarter, with increased bookings and profit growth, but the stock declined with the broader selloff in software holdings.
- Other bottom contributors included Teledyne Technologies, Rightmove, and Graco.

Purchases and Sales

During the quarter, we purchased BancFirst. There were no complete sales from the portfolio. BancFirst is a bank holding company that provides retail and commercial banking services. Its services include commercial, real estate, agricultural, and consumer lending, depository and funds transfer services, collections, safe deposit boxes, cash management services, retail brokerage services, and other services tailored for both individual and corporate customers. BancFirst was founded in July 1984 and is headquartered in Oklahoma City, OK.

Outlook

Signs of an economic slowdown and/or a recession are becoming increasingly obvious. Starting with the consumer (70% of gross domestic product), we have seen material retail sales shortfalls at large retailers and consumer confidence has hit 40-year lows. New orders for the Purchasing Managers' Index have fallen below 50, which signals contraction. Raw materials, such as copper, aluminum, nickel, and zinc, have already experienced significant declines in price in the second quarter. Even the strongest sectors (oil and semiconductors) started to show significant weakness late in the quarter. This may suggest that the U.S. is already in at least a technical recession (two consecutive quarters of negative GDP), and the Fed may be closer than investors realize to bringing inflation under control. Regardless, we believe valuations have become attractive longer term. Many stocks have declined off their highs, and speculation in IPOs, SPACs, and meme stocks is non-existent which makes for a more favorable long-term investing environment. In our view, quality companies have started to perform better on a relative basis given the slowing environment and flattening yield curve.



Manager of the Decade for the last 7 years (2015 - 2021)

Portfolio Highlights

Style: Small Cap
Sub-Style: Core
Index: Russell 2000®
Portfolio Inception: 1992
Portfolio Assets: \$9,031.2 M*
Portfolio Turnover: 25%–35%

Investment Management Team

Name	Years of research experience
Douglas S. Foreman, CFA Chief Investment Officer	36
Todd Bailey, CFA Portfolio Manager + Senior Research Analyst	23
Jon Christensen, CFA Portfolio Manager + Senior Research Analyst	27
Julie Biel, CFA Senior Research Analyst	14
Julie Kutasov Senior Research Analyst	21
Craig Stone Senior Research Analyst	33
Chris Wright, CFA Senior Research Analyst	10
Sean Dixon Research Analyst	14
Arthur Su, CFA Research Analyst	7
Adam Xiao, CFA Research Analyst	9
Jordan Greenhouse Senior Client Portfolio Manager	25†
James B. May, CFA Client Portfolio Manager	34†
Jason Pomatto Client Portfolio Manager	28†

Top Five Holdings

As of June 30, 2022

Company	Percent of equity (%)
FTI Consulting	8.2
EMCOR Group	5.0
Simpson Manufacturing	4.8
Acushnet Holdings	4.6
Primerica	4.5
Total	27.2

*Figures in USD.

†Represents years of industry experience.

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 be not considered a recommendation or solicitation to purchase securities. A complete listing 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. 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

Development of High-Quality Universe	Proprietary Fundamental Research	Portfolio Construction	Sell Discipline
Quantitative Screens <ul style="list-style-type: none"> High return on capital over a full economic cycle Long and resilient earnings history High return on net operating assets Minimal debt Other Resources <ul style="list-style-type: none"> Research on existing portfolio holdings Meetings with companies Industry reviews Investment conferences Third-party research 	Qualitative Analysis <ul style="list-style-type: none"> Evaluate sustainability of business model and assess management's ability to direct capital where it can create further control of its market Financial Analysis <ul style="list-style-type: none"> Evaluate basis for profitability, long-term growth potential, and ability to allocate capital appropriately Valuation Analysis <ul style="list-style-type: none"> Determine the current and potential value of the business 	Position Weights <ul style="list-style-type: none"> Maximum initial position size is 5% (at cost) Maximum position size is 10% (at market) Sector Tolerances <ul style="list-style-type: none"> Seek broad diversification, but no sector constraints Non-U.S. Holdings <ul style="list-style-type: none"> Up to 20% Holding Period <ul style="list-style-type: none"> Typically 3-to-5 years, but is often longer Portfolio turnover is typically 25% to 35% Cash Levels <ul style="list-style-type: none"> Typically will not exceed 10% once a portfolio is fully invested; review by CIO triggered if over 10% 	Extended Valuation Portfolio Upgrade Acquisition Activity Negative Company or Industry Changes

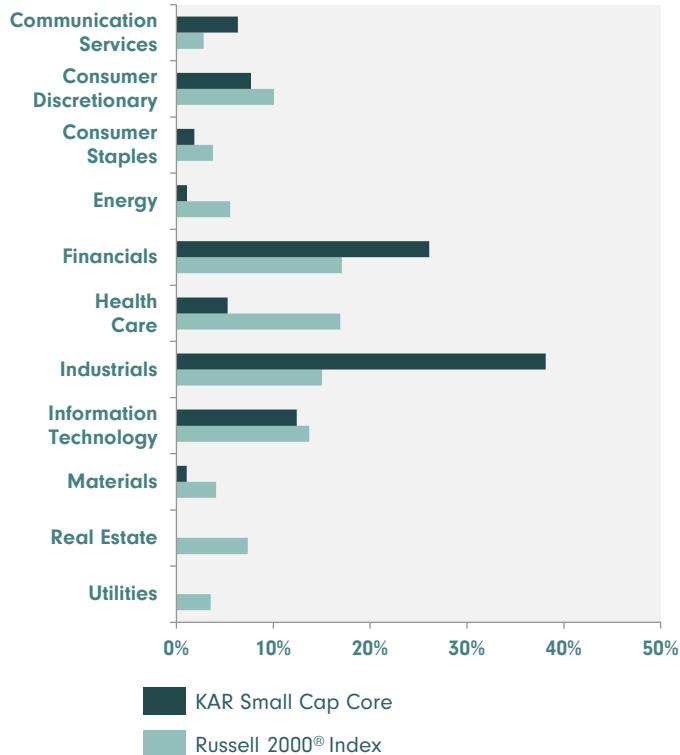
Higher Quality

Stronger, More Consistent Growth

Better Value

Sector Diversification

As of June 30, 2022



A complete listing 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 by FactSet Research Systems and is assumed to be reliable.

Portfolio Characteristics

As of June 30, 2022

	KAR Small Cap Core	Russell 2000® Index
Quality		
Return on Equity—Past 5 Years	22.4%	9.4%
Total Debt/EBITDA	1.3 x	5.2 x
Earnings Variability—Past 10 Years	29.6%	79.2%
Growth		
Earnings Per Share Growth—Past 10 Years	13.9%	8.6%
Dividend Per Share Growth—Past 10 Years	12.6%	5.5%
Capital Generation—{ROE x (1-Payout)}	16.1%	7.5%
Value		
P/E Ratio—Trailing 12 Months	17.6 x	29.6 x
Dividend Yield	1.6%	1.4%
Free Cash Flow Yield*	2.9%	0.8%
Market Characteristics		
\$ Weighted Average Market Cap—3-Year Avg.	\$7.5 B	\$2.9 B
Largest Market Cap—3-Year Avg.	\$19.3 B	\$14.1 B
Annualized Standard Deviation—Since Inception†	16.3%	21.1%

*Free cash flow data is as of March 31, 2022. Prices are as of June 30, 2022. Excludes financials.

†April 1, 1992

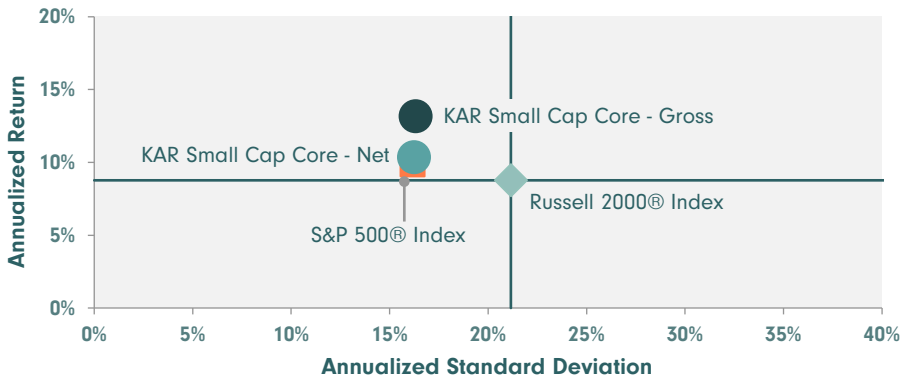
This material is deemed supplemental and complements the performance and disclosure at the end of this presentation. Data is obtained from FactSet Research Systems and BNY Mellon and is assumed to be reliable. Other principal consultant firms may use different algorithms to calculate selected statistics. 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 Cap Core Portfolio

Second Quarter 2022 | Managed Accounts

Strong Risk-Adjusted Returns

Inception* to June 30, 2022



Historical Returns

	KAR Small Cap Core (gross)	KAR Small Cap Core (net) [†]	Russell 2000® Index
Annualized Returns (%)[†]			
As of June 30, 2022			
2 nd Quarter	(6.72)	(7.43)	(17.20)
Year to Date	(15.56)	(16.86)	(23.43)
One Year	(10.12)	(12.81)	(25.20)
Three Years	9.56	6.34	4.21
Five Years	14.78	11.41	5.17
Seven Years	14.88	11.64	5.91
Ten Years	14.86	12.03	9.35
Inception*	13.17	10.35	8.76
Annual Returns (%)			
2021	16.68	13.27	14.82
2020	22.09	18.53	19.96
2019	39.05	35.04	25.52
2018	(0.79)	(3.73)	(11.01)
2017	36.06	32.14	14.65
2016	18.55	15.09	21.31
2015	2.09	0.51	(4.41)
2014	7.31	5.57	4.89
2013	30.89	28.76	38.82
2012	13.75	11.80	16.35
2011	9.64	7.75	(4.18)
2010	24.83	22.56	26.85
2009	31.80	29.72	27.17
2008	(28.15)	(29.36)	(33.79)
2007	3.25	1.71	(1.57)
2006	13.46	11.87	18.37
2005	7.87	4.63	4.55
2004	23.07	19.42	18.33
2003	35.02	31.19	47.25
2002	(13.73)	(16.34)	(20.48)
2001	6.82	3.74	2.49
2000	20.98	17.42	(3.02)
1999	7.02	3.93	21.26
1998	20.98	17.42	(2.55)
1997	21.00	17.45	22.36
1996	26.98	23.22	16.49
1995	18.57	15.07	28.45
1994	2.75	(0.26)	(1.82)
1993	20.00	16.54	18.88
1992	9.65	7.25	10.16

*April 1, 1992

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

Returns could be reduced, or losses incurred, due to currency fluctuations.

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

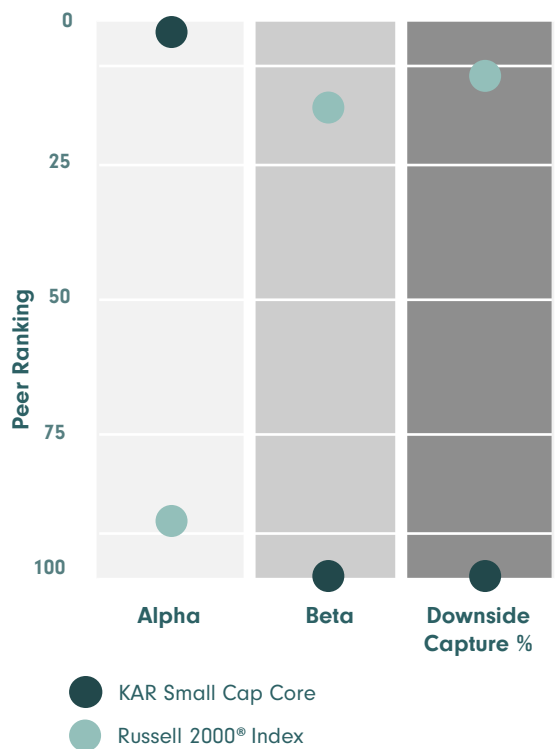
[§]Performance statistics are based on gross of fee returns.

^{||}Performance calculations are for the nine months ended December 31, 1992.

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 preliminary and gross of fees unless otherwise specified. For further details on the composite, please see the disclosure statement in this presentation. The Small Cap Core Universe includes all managers categorized in the small cap core asset class by eVestment. Data is obtained from FactSet Research Systems and is assumed to be reliable. **Past performance is no guarantee of future results.**

Peer Comparison Chart

Ten Years Ending June 30, 2022



Performance Statistics

Inception* to June 30, 2022

	KAR Small Cap Core [§]	Russell 2000® Index
Annualized Standard Deviation	16.31	21.15
Alpha	5.83	0.00
Beta	0.70	1.00
Sharpe Ratio	0.67	0.31
R-Squared	81.34	100.00

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.

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Disclosure

Year	Composite Pure Gross Return* (%)	Composite Net Return (%)	Russell 2000® Index Return (%)	Composite 3-Yr Std Dev (%)	Benchmark 3-Yr Std Dev (%)	Number of Accounts	Internal Dispersion (%)	Composite Assets (\$ Millions)	Firm Assets (\$ Millions)
2011	9.64	7.75	(4.18)	N/A	N/A	70	0.51	846	5,232
2012	13.75	11.80	16.35	15.37	20.48	71	0.31	1,073	6,545
2013	30.89	28.76	38.82	11.96	16.68	67	0.45	1,336	7,841
2014	7.31	5.57	4.89	9.77	13.31	70	0.27	1,294	7,989
2015	2.09	0.51	(4.41)	11.15	14.16	55	0.38	1,023	8,095
2016	18.55	15.09	21.31	12.19	15.99	74	0.81	1,222	9,989
2017	36.07	32.15	14.65	11.38	14.11	67	0.50	1,818	14,609
2018	(0.78)	(3.72)	(11.01)	13.94	16.01	85	0.24	1,909	17,840
2019	39.05	35.04	25.52	14.65	15.93	101	0.31	2,685	25,685
2020	22.09	18.53	19.96	19.10	25.63	102	0.19	3,131	39,582

*Pure gross returns are supplemental to net returns.

The Russell 2000® 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, 2020.

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.

The Small Cap Core Wrap Composite has had a performance examination for the period from January 1, 1999 through December 31, 2020. The verification and performance examination reports are available upon request.

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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 Cap Core Wrap Portfolios. Small Cap Core Wrap Portfolios are invested in equity securities with market capitalizations consistent with the Russell 2000® 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 2000® Index. 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. Benchmark returns are not covered by the report of the independent verifiers. The inception date of the composite is April 1992. The composite was created in October 1995. 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.

Beginning on January 1, 2006, sub-advisory wrap fee portfolios are also included in composite results. Each sub-advisory relationship is included in the composite as one account. 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 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. Prior to December 31, 2005, 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, 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. 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, is presented starting 2012 because prior to January 1, 2010, the composite return was calculated quarterly and 36 monthly returns are not available.