

Small Cap Core Portfolio

Fourth Quarter 2022 | Managed Accounts

Portfolio Review

The Small Cap Core portfolio outperformed the Russell 2000 Index in the fourth quarter. Good stock selection and an overweight in industrials and good stock selection and an underweight in health care contributed positively to performance. Poor stock selection in information technology and consumer discretionary detracted from performance.

The biggest contributors to performance during the quarter were EMCOR Group and Toro. EMCOR's shares reacted favorably to the rebound in profitability in the quarter. Strong demand further led management to raise guidance for the year. We believe EMCOR continues to win larger and more complex projects due to its reputation and remains a strong capital allocator. Toro experienced solid demand for its products and has been able to pass through pricing to combat inflationary pressures and drive improved profitability. Other top contributors included RLI, Primerica, and Watts Water Technologies.

The biggest detractors from performance during the quarter were Manhattan Associates and Aspen Technology. In the latest quarter, Manhattan Associates reported strong sales and growth even though profit margins declined as the company continued to hire to meet demand. However, shares declined after management announced their forward year's guidance with greater conservatism due to the current macroeconomic uncertainty. Aspen Technology's merger with another software business closed in May 2022, which made the comparability of reported financials this quarter relative to previous quarters challenging. The main takeaways from the current quarter were that despite the uncertain macro environment, demand from clients remains strong and the merger business has already helped Aspen source deals in new industry verticals. Management reiterated their guidance for the current fiscal year and highlighted the company's increased scale and access to new geographies and verticals. Despite these positives, the share price came under pressure in December as markets became more challenging and concerns rose about a highly anticipated recession in 2023. Other bottom contributors included FTI Consulting, LCI Industries, and Acushnet.

Purchases and Sales

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

Outlook

The Federal Reserve's hawkish monetary policy combined with improving supply chain issues appear to be working in reducing the core inflation rate. Inflation concerns, however, have been replaced by impending recession fears in the market. We certainly have witnessed a growth slowdown over the last year, and we are likely to see a continued growth slowdown over the next six-to-twelve months. The stock market seems to be already pricing in a moderate recession for 2023. This has to be the most anticipated recession in the history of corporate America. This does not mean that a recession cannot occur, but it does suggest a hard landing is less probable. Recession fears will not disappear overnight so investors should expect continued volatility in 2023 and will need to be patient. Additionally, the top-heavy S&P 500 companies, MAMAA (Meta, Apple, Microsoft, Amazon, and Alphabet) in particular, are having significant fundamental growth issues which has not been the case since 2008. In our view, this may bode well for many small- and medium-sized companies, which can continue to grow in a lackluster economic environment.

Portfolio Highlights

Style: Small Cap
Sub-Style: Core
Index: Russell 2000®
Portfolio Inception: 1992
Portfolio Assets: \$9,303.2 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 December 31, 2022

Company	Percent of equity (%)
FTI Consulting	7.3
EMCOR Group	7.0
Simpson Manufacturing	5.2
Primerica	5.2
Toro	4.8
Total	29.5

*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. 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 KAR 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

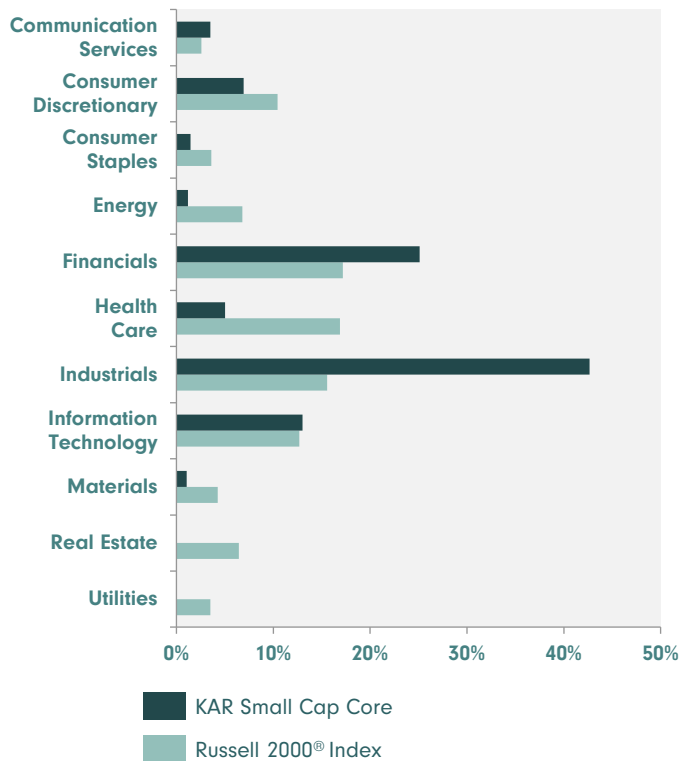
Higher Quality

Stronger, More Consistent Growth

Better Value

Sector Diversification

As of December 31, 2022



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Portfolio Characteristics

As of December 31, 2022

	KAR Small Cap Core	Russell 2000® Index
Quality		
Return on Equity—Past 5 Years	24.3%	9.9%
Total Debt/EBITDA*	0.7 x	2.5 x
Earnings Variability—Past 10 Years	31.2%	79.6%
Growth		
Earnings Per Share Growth—Past 10 Years	14.6%	8.8%
Dividend Per Share Growth—Past 10 Years	11.9%	5.2%
Capital Generation—{ROE x (1-Payout)}	17.7%	7.8%
Value		
P/E Ratio—Trailing 12 Months	19.0 x	26.2 x
Dividend Yield	1.5%	1.5%
Free Cash Flow Yield†	3.9%	1.3%
Market Characteristics		
\$ Weighted Average Market Cap—3-Year Avg.	\$7.2 B	\$3.0 B
Largest Market Cap—3-Year Avg.	\$19.3 B	\$14.4 B
Annualized Standard Deviation—Since Inception‡	16.2%	21.0%

*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.

‡April 1, 1992. Standard deviation for the KAR strategy is based on net-of-fee returns.

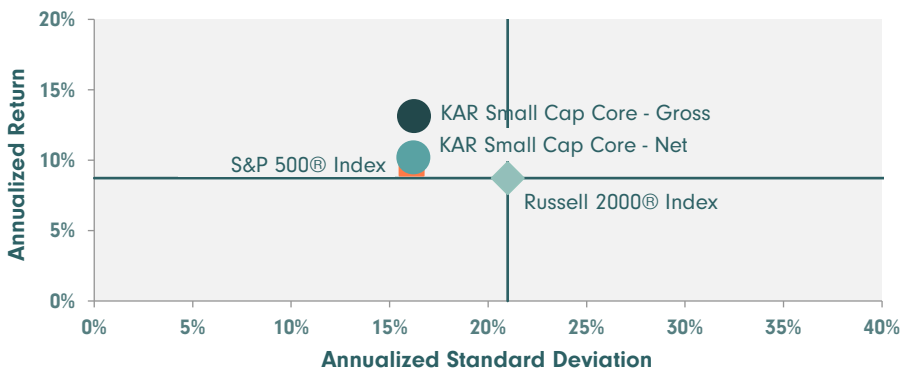
This material is deemed supplemental and complements the performance and disclosure at the end of this presentation. Data is obtained from FactSet Research Systems and BNY Mellon and is assumed to be reliable. Other principal consultant firms may use different algorithms to calculate selected statistics.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

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Risk-Return Analysis

Inception* to December 31, 2022

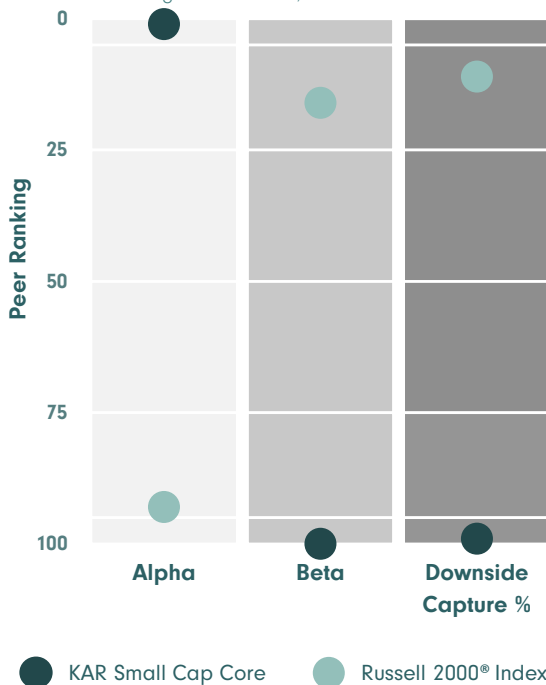


Historical Returns

	KAR Small Cap Core (gross)	KAR Small Cap Core (net) [‡]	Russell 2000® Index
Annualized Returns (%)[†]			
As of December 31, 2022			
4 th Quarter	8.26	7.46	6.23
One Year	(10.75)	(13.42)	(20.44)
Three Years	8.33	5.14	3.10
Five Years	11.89	8.61	4.13
Seven Years	16.02	12.62	7.90
Ten Years	15.03	11.66	9.01
Inception*	13.15	9.86	8.74
Annual Returns (%)			
2022	(10.75)	(13.42)	(20.44)
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	(0.93)	(4.41)
2014	7.31	4.15	4.89
2013	30.89	27.10	38.82
2012	13.75	10.42	16.35
2011	9.64	6.42	(4.18)
2010	24.83	21.19	26.85
2009	31.80	28.12	27.17
2008	(28.15)	(30.48)	(33.79)
2007	3.25	0.21	(1.57)
2006	13.46	10.19	18.37
2005	7.87	4.72	4.55
2004	23.07	19.60	18.33
2003	35.02	31.29	47.25
2002	(13.73)	(16.39)	(20.48)
2001	6.82	3.66	2.49
2000	20.98	17.55	(3.02)
1999	7.02	3.89	21.26
1998	20.98	17.54	(2.55)
1997	21.00	17.57	22.36
1996	26.98	23.43	16.49
1995	18.57	15.20	28.45
1994	2.75	(0.28)	(1.82)
1993	20.00	16.60	18.88
1992	9.65	7.28	10.16

Peer Comparison Chart

Ten Years Ending December 31, 2022



The eVestment Small Cap Core Universe includes 129 managers categorized in the small cap core asset class by eVestment. KAR does not pay any fees to be included in the eVestment Small Cap Core 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 December 31, 2022

	KAR Small Cap Core (gross)	KAR Small Cap Core (net)	Russell 2000® Index
Annualized Standard Deviation	16.23	16.20	21.00
Alpha	5.81	2.69	0.00
Beta	0.70	0.70	1.00
Sharpe Ratio	0.67	0.47	0.31
R-Squared	81.33	80.30	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.

*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 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 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.**

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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)
2012	13.75	10.42	16.35	15.37	20.48	71	0.31	1,073	6,545
2013	30.89	27.10	38.82	11.96	16.68	67	0.45	1,336	7,841
2014	7.31	4.15	4.89	9.77	13.31	70	0.27	1,294	7,989
2015	2.09	(0.93)	(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	36.06	32.14	14.65	11.38	14.11	67	0.50	1,818	14,609
2018	(0.79)	(3.73)	(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	103	0.19	3,135	39,582
2021	16.68	13.27	14.82	16.33	23.68	111	1.19	3,781	47,269

*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, 2021.

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, 2021. The verification and performance examination reports are available upon request.

GIPS® is a registered trademark of CFA Institute. CFA Institute does not endorse or promote this organization, nor does it warrant the accuracy or quality of the content contained herein.

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 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.

GLOSSARY

Alpha: A risk-adjusted measure of an investment's excess return relative to a benchmark. Beta: A quantitative measure of the volatility, or systematic risk, of a security or a portfolio in comparison to the market as a whole. R2: A measure that represents the percentage of a fund or security's movements that can be explained by movements in a benchmark index. Sharpe Ratio: A risk-adjusted measure calculated using standard deviation and excess return to determine reward per unit of risk. Standard Deviation: Measures variability of returns around the average return for an investment portfolio. Higher standard deviation suggests greater risk.

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.