

Small Cap Sustainable Growth Portfolio

Second Quarter 2023 | Managed Accounts

Portfolio Review

The Small Cap Sustainable Growth portfolio underperformed the Russell 2000 Growth Index in the second quarter. Poor stock selection and an overweight in financials and consumer discretionary detracted from performance. An underweight in materials and utilities contributed positively to performance.

The biggest contributors to performance during the quarter were BILL and Dream Finders Homes.

- BILL reported stabilization of client spending patterns from the customer budget-pullbacks that began last quarter, providing better visibility of Total Payment Value (TPV) progression. Due to less uncertainty in TPV, shares performed well in the quarter.
- Dream Finders Homes experienced revenue growth from additional home sales and increased home pricing in the most recent quarter despite a rising-rate mortgage environment.
- Other top contributors included Ryan Specialty, SPS Commerce, and U.S. Physical Therapy.

The biggest detractors from performance during the quarter were MarketAxess and Revolve Group.

- During the quarter, shares of MarketAxess were pressured due to lower credit spread volatility, lower levels of credit transactions, and lower duration on investment grade credit transacted through the company's platform. Lower credit spread volatility also reduced the relative differentiation of the company's liquidity pools relative to competitors' offerings. These headwinds caused the shares to underperform.
- Revolve Group reported a quarter of strong growth in active customers and orders placed but experienced revenue headwinds due to heightened customers' budgetary pressures in the current economic environment. These headwinds combined with broader negative market sentiment towards discretionary goods, such as apparel, caused the stock to underperform.
- Other bottom contributors included ServisFirst Bancshares, Fox Factory, and Aspen Technology.

Purchases and Sales

During the quarter, there were no new purchases. We sold HEICO as the company's \$20 billion market capitalization outgrew the portfolio's small cap mandate.

Outlook

Inflation data continues to head in the right direction, which we believe may set the stage for little to no further short-term interest rate increases from here. If you exclude the P/E ratios of the top 7 companies in the S&P 500 Index, valuations decline to the 13-to-17x earnings for the rest of the market. This valuation backdrop can help offset any mild decline in earnings even if the economy does slip into a mild or shallow recession. We have seen some improvements in breadth over the last half of this quarter, but not robust enough yet to call it a trend. If breadth expands, this would be a positive sign for equities.

Portfolio Highlights

Style: Small Cap
Sub-Style: Growth
Index: Russell 2000® Growth
Portfolio Inception: 1998
Portfolio Assets: \$5,398.5 M*
Portfolio Turnover: 25%-35%

Investment Management Team

Name	Years of research experience
Douglas S. Foreman, CFA Chief Investment Officer	37
Todd Beiley, CFA Portfolio Manager + Senior Research Analyst	24
Jon Christensen, CFA Portfolio Manager + Senior Research Analyst	28
Julie Biel, CFA Senior Research Analyst	15
Julie Kutsov Senior Research Analyst	22
Craig Stone Senior Research Analyst	34
Chris Wright, CFA Senior Research Analyst	11
Sean Dixon Research Analyst	15
Arthur Su, CFA Research Analyst	8
Adam Xiao, CFA Research Analyst	10
Clarissa Ali Junior Research Analyst	<1
James B. May, CFA Client Portfolio Manager	35†
Jason Pomatto Client Portfolio Manager	29†

Top Five Holdings

As of June 30, 2023

Company	Percent of equity (%)
Ryan Specialty	8.9
Fox Factory	8.3
AAON	6.3
Morningstar	6.0
Auto Trader	6.0
Total	35.5

* 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

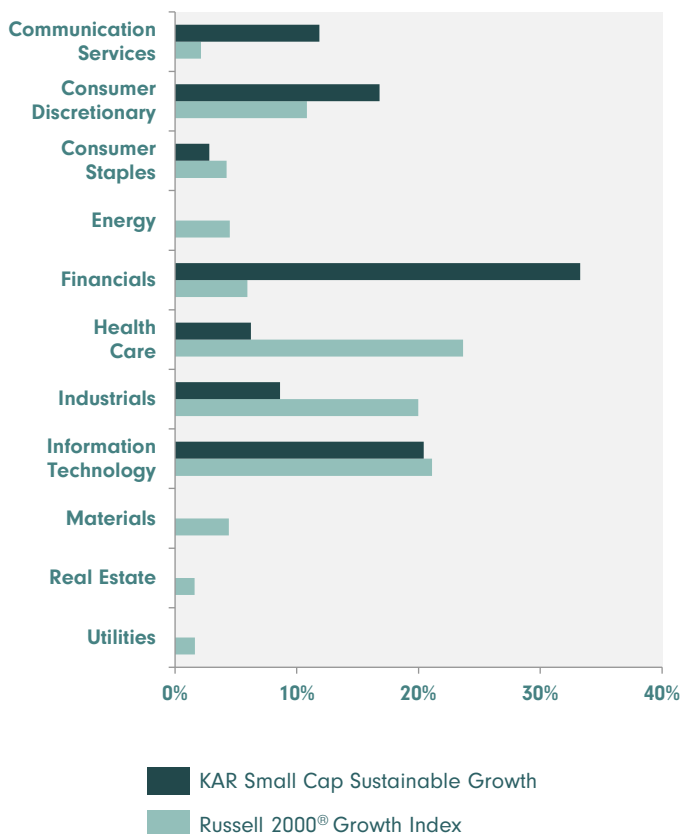
Higher Quality

Stronger, More Consistent Growth

Better Value

Sector Diversification

As of June 30, 2023



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, 2023

	KAR Small Cap Sustainable Growth	Russell 2000® Growth Index
Quality		
Return on Equity—Past 5 Years	20.2%	10.0%
Debt/EBITDA*	1.2 x	1.7 x
Earnings Variability—Past 10 Years	27.6%	79.6%
Growth		
Earnings Per Share Growth—Past 10 Years	13.1%	11.3%
Capital Generation—{ROE x (1-Payout)}	16.4%	8.9%
Value		
P/E Ratio—Trailing 12 Months	45.4 x	158.7 x
Free Cash Flow Yield†	2.9%	1.2%
Market Characteristics		
\$ Weighted Average Market Cap—3-Year Avg.	\$6.9 B	\$3.5 B
Largest Market Cap—3-Year Avg.	\$21.3 B	\$12.6 B
Annualized Standard Deviation—Since Inception‡	20.6%	24.9%

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

†Free cash flow data is as of March 31, 2023. Prices are as of June 30, 2023. Excludes financials.

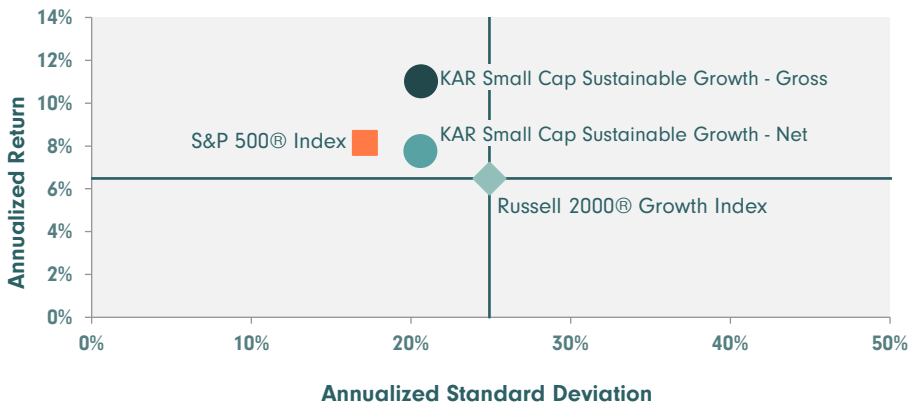
‡January 1, 1998. Standard deviation for the KAR strategy is based on net-of-fee returns. This material is deemed supplemental and complements the performance and disclosure at the end of this presentation. Data is obtained from FactSet Research Systems and BNY Mellon and is assumed to be reliable. Other principal consultant firms may use different algorithms to calculate selected statistics. Estimates are based on certain assumptions and historical information. **Past performance is no guarantee of future results.** Returns could be reduced, or losses incurred, due to currency fluctuations.

Small Cap Sustainable Growth Portfolio

Second Quarter 2023 | Managed Accounts

Strong Risk-Adjusted Returns

Inception* to June 30, 2023



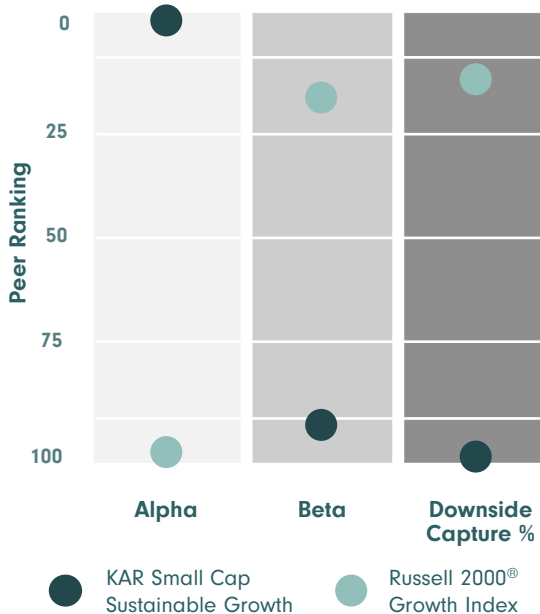
Historical Returns

	KAR Small Cap Sustainable Growth (gross)	KAR Small Cap Sustainable Growth (net) [†]	Russell 2000 [®] Growth Index
Annualized Returns (%)[†]			
As of June 30, 2023			
2 nd Quarter	(0.95)	(1.69)	7.05
Year to Date	12.46	10.81	13.55
One Year	7.45	4.28	18.53
Three Years	1.03	(1.96)	6.10
Five Years	7.80	4.63	4.22
Seven Years	16.86	13.44	9.31
Ten Years	15.40	12.02	8.83
Inception*	11.03	7.77	6.48
Annual Returns (%)			
2022	(30.08)	(32.21)	(26.36)
2021	5.69	2.58	2.83
2020	39.37	35.35	34.63
2019	39.46	35.45	28.48
2018	12.53	9.23	(9.31)
2017	41.79	37.72	22.17
2016	26.59	22.92	11.32
2015	1.91	(1.11)	(1.38)
2014	5.16	2.06	5.60
2013	40.55	36.50	43.30
2012	12.38	9.08	14.59
2011	18.59	15.13	(2.91)
2010	15.44	12.06	29.09
2009	39.32	35.50	34.47
2008	(33.73)	(35.92)	(38.54)
2007	(0.61)	(3.56)	7.05
2006	15.47	12.16	13.35
2005	2.71	(0.32)	4.15
2004	13.42	10.15	14.31
2003	39.90	36.06	48.54
2002	(23.82)	(26.25)	(30.26)
2001	0.48	(2.56)	(9.23)
2000	6.28	3.17	(22.43)
1999	31.19	27.54	43.09
1998	3.33	0.27	1.23

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. **Foreign Investing:** Investing in foreign securities subjects the portfolio to additional risks such as increased volatility, currency fluctuations, less liquidity, and political, regulatory, economic, and market risk. **Limited Number of Investments:** Because the portfolio has a limited number of securities, it may be more susceptible to factors adversely affecting its securities than a portfolio with a greater number of securities. **Market Volatility:** The value of the securities in the portfolio may go up or down in response to the prospects of individual companies and/or general economic conditions. Price changes may be short- or long-term. Local, regional, or global events such as war or military conflict (e.g., Russia's invasion of Ukraine), acts of terrorism, the spread of infectious illness (e.g., COVID-19 pandemic) 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's manager(s) to invest the portfolio's assets as intended.

Peer Comparison Chart

Ten Years Ending June 30, 2023



The eVestment Small Cap Growth Universe includes 129 managers categorized in the small cap growth asset class by eVestment. KAR does not pay any fees to be included in the eVestment Small Cap Growth 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 June 30, 2023

	KAR Small Cap Sustainable Growth (gross)	KAR Small Cap Sustainable Growth (net)	Russell 2000 [™] Growth Index
Alpha	5.36	2.24	0.00
Sharpe Ratio	0.44	0.29	0.18
Information Ratio	0.40	0.11	N/A
Beta	0.74	0.73	1.00
Downside Capture	59.42	65.95	100.00
Tracking Error	11.49	11.49	N/A

*All periods less than one year are total returns and are not annualized. Returns are final.

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

*January 1, 1998

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

Small Cap Sustainable Growth Portfolio

Second Quarter 2023 | Managed Accounts

Disclosure

Year	Composite Pure Gross Return* (%)	Composite Net Return (%)	Russell 2000® Growth Index Return (%)	Composite 3-Yr Std Dev (%)	Benchmark 3-Yr Std Dev (%)	Number of Accounts	Internal Dispersion (%)	Composite Assets (\$ Millions)	Firm Assets (\$ Millions)
2013	40.55	36.50	43.30	11.96	17.52	26	0.58	23	7,841
2014	5.16	2.06	5.60	11.97	14.02	23	0.30	20	7,989
2015	1.91	(1.11)	(1.38)	13.80	15.16	24	0.25	36	8,095
2016	26.59	22.92	11.32	14.67	16.91	24	0.38	53	9,989
2017	41.79	37.72	22.17	12.94	14.80	26	0.41	119	14,609
2018	12.53	9.23	(9.31)	14.68	16.69	48	0.52	269	17,840
2019	39.46	35.45	28.48	15.20	16.60	81	0.26	370	25,685
2020	39.37	35.35	34.63	20.75	25.46	89	0.52	532	39,582
2021	5.69	2.58	2.83	18.36	23.40	95	0.21	552	47,269
2022	(30.08)	(32.21)	(26.36)	21.92	26.57	79	0.17	318	33,531

*Pure gross returns are supplemental to net returns.

The Russell 2000® Growth 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, 2022.

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 Sustainable Growth Wrap Composite has had a performance examination for the period from January 1, 1999 through December 31, 2022. 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 Sustainable Growth Wrap Portfolios. Small Cap Sustainable Growth Wrap Portfolios are invested in equity securities with market capitalizations in line with the Russell 2000® Growth 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® Growth Index. The Russell 2000® Growth Index is a market capitalization-weighted index of growth-oriented stocks 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 January 1998. The composite was created in July 2003. 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

Standard Deviation: Measures variability of returns around the average return for an investment portfolio. Higher standard deviation suggests greater risk. **Alpha:** A risk-adjusted measure of an investment's excess return relative to a benchmark. **Sharpe Ratio:** A risk-adjusted measure calculated using standard deviation and excess return to determine reward per unit of risk. **Information Ratio:** The information ratio (IR) is a measurement of portfolio returns beyond the returns of a benchmark, usually an index, compared to the volatility of those returns. **Beta:** A quantitative measure of the volatility, or systematic risk, of a security or a portfolio in comparison to the market as a whole. **Downside Capture Ratio:** A statistical measure of an investment manager's overall performance in down-markets. It is used to evaluate how well an investment manager performed relative to an index during periods when that index has dropped.

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

INDEX DEFINITION

The Russell 2000® Growth Index is a market capitalization-weighted index of growth-oriented stocks of the smallest 2,000 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.