

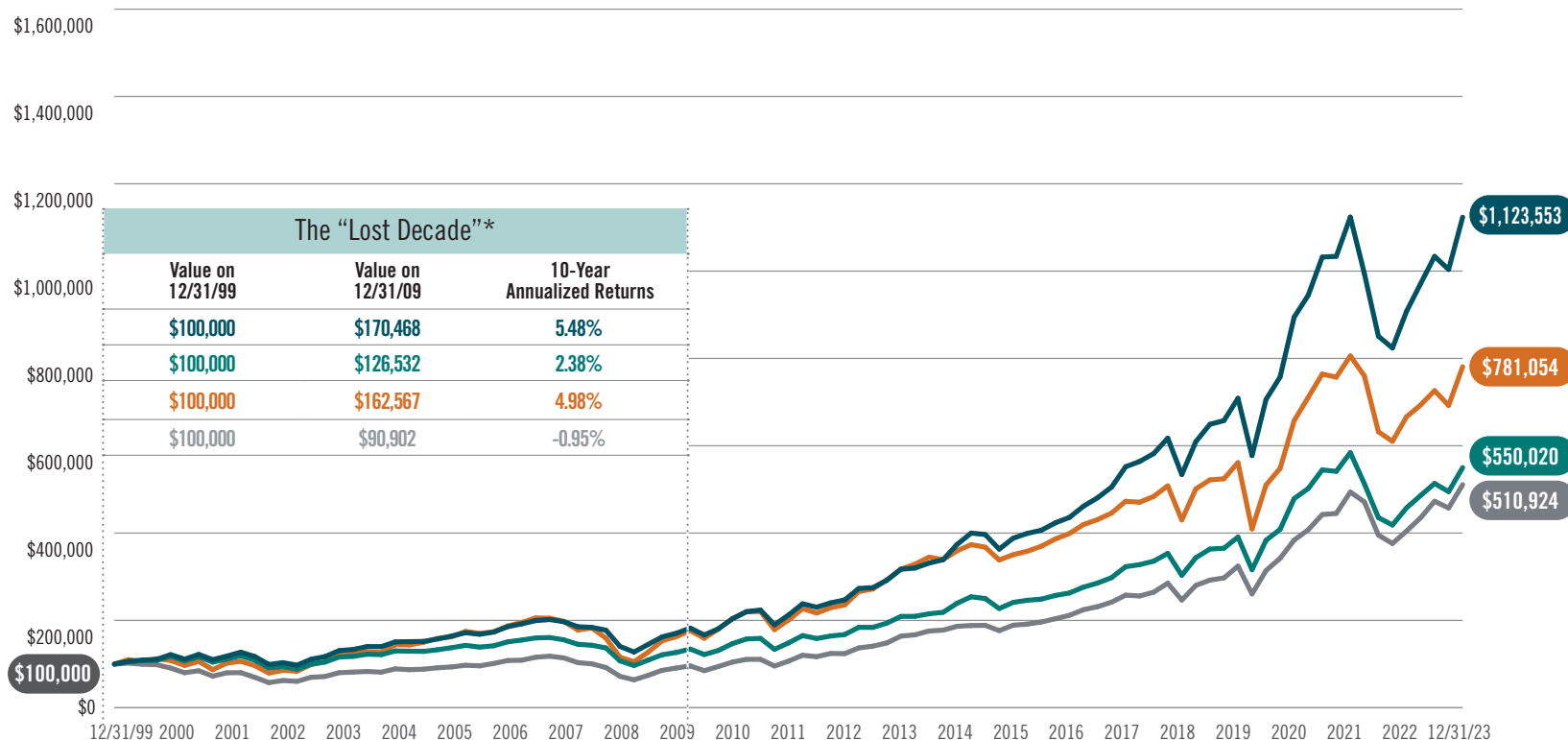
KAR MID CAP CORE SEPARATELY MANAGED ACCOUNT

OUTSMARTING VOLATILITY WITH A QUALITY FOCUS

Kayne Anderson Rudnick (KAR) believes that superior long-term risk-adjusted returns may be achieved by investing in high-quality companies with market dominance, excellent management, financial strength, and consistent growth, purchased at reasonable prices.

GROWTH OF \$100,000: KAR MID CAP CORE VS. RUSSELL MIDCAP® AND S&P 500® INDEXES

The KAR Mid Cap Core portfolio has generated compelling long-term performance going back to its January 2000 inception, with fewer down years, versus broader equity markets—even during the “lost decade” of the 2000s.



AVERAGE ANNUAL TOTAL RETURNS (%) as of 12/31/23

	1-Year	5-Year	10-Year	Since Inception (1/1/00)
KAR Mid Cap Core (Gross)	23.79	16.04	13.48	10.60
KAR Mid Cap Core (Net)	20.18	12.64	10.15	7.36
Russell Midcap Index	17.23	12.68	9.42	8.94
S&P 500 Index	26.29	15.59	12.03	7.03

■ KAR Mid Cap Core (Gross)
 ■ KAR Mid Cap Core (Net)
 ■ Russell Midcap Index
 ■ S&P 500 Index

Past performance is no guarantee of future results.

This material is deemed supplemental and complements the performance and disclosures on page 4.

Source: FactSet Research Systems, as compiled by Kayne Anderson Rudnick. All periods less than one year are total returns and are not annualized. Returns are final. Assumes a 3% annual fee. Any net of fees returns shown reflect the payment of investment management fees and in some instances, other fees and expenses, while any gross of fees returns shown do not. For any gross of fees returns shown, a client's return will be reduced over time by the investment management fees and other expenses their account incurs over time as a client are compounded. To the extent actual performance results are shown in comparison to an index, the index is not actively managed and does not reflect the deduction of any investment management or other fees and expenses. For further details on the composite and the indexes, please see the disclosure statement on page 4.

*“Lost Decade” reflects the time period between January 1, 2000 to December 31, 2009 when the S&P 500 Index posted its first negative “named” decade since inception of the index in 1926. “Lost Decade” returns are annualized. Chart reflects cumulative returns since the inception of the KAR Mid Cap Core strategy, January 1, 2000 through December 31, 2023.

USING HIGH-QUALITY EQUITIES FOR RETIREMENT INCOME REPLACEMENT

The quest for reliable income in retirement often means establishing income streams. Annual withdrawals from an equity portfolio can be a potential solution. The challenge is that market volatility can severely disrupt smart planning. Therefore, choosing investments with the potential for steadier compounding and better downside risk mitigation can help keep savings and withdrawals on track.

CONSIDER THE FOLLOWING:

- Let's look at a \$100,000 investment in the KAR Mid Cap Core portfolio, Russell Midcap® Index, and S&P 500® Index and the effect of systematically withdrawing 5% (\$5,000) in year one, then adjusting those withdrawals upward each subsequent year to account for a 3% inflation rate[†]
- The KAR portfolio (gross and net) and the Russell Midcap® Index generated sufficient income through withdrawals, though their ending values varied as of 12/31/23, while the S&P 500® Index ran out of money in 2015

	Initial Investment 12/31/99	Total Withdrawals [†] (2000-2023)	Ending Value 12/31/23
KAR MCC (Gross)	\$100,000	\$172,132	\$388,112
KAR MCC (Net)	\$100,000	\$172,132	\$65,334
Russell Midcap® Index	\$100,000	\$172,132	\$213,961
S&P 500® Index	\$100,000	\$96,824*	\$0**

Even after withdrawing an inflation-adjusted 5% per year—a total of \$172,132—the KAR portfolio (gross) outpaced both its benchmark, the Russell Midcap® Index, and the S&P 500® Index.

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Source: Kayne Anderson Rudnick Performance Analytics. For illustrative purposes only. Calculations are based on an average inflation rate in order to demonstrate the impact of inflation over time. Actual inflation rates will vary and may be more or less than shown. The indexes are not actively managed and do not reflect the deduction of any investment management or other fees and expenses. For further details on the composite and the indexes, please see the disclosure statement on page 4

[†]Withdrawals taken on December 31st of each calendar year. Withdrawals may require the selling of shares, which may include principal.

*Withdrawals ended in 2015 when the S&P 500 portfolio ran out of money. **Value was \$0 in 2016.

Source: FactSet Research Systems, as compiled by Kayne Anderson Rudnick.

CONSISTENT RETURN PATTERNS MATTER OVER TIME

As seen in this example, an investment that offered a more consistent return pattern, including smaller drawdowns, was better able to sustain a healthy retirement account. This matters a lot in the long run, but the benefit is especially clear when losses occur at the start of the decumulation phase of retirement, as is the case here. The table shows the impact of withdrawals on the three portfolios starting in 2000—the onset of a bear market. This supports KAR's belief that an emphasis on profitable high-quality companies may provide a distinct advantage over passive vehicles that track broad equity indexes.

	Annual Withdrawal Amount (\$) [‡]	Market Value (\$)*					Return (%)			
		KAR MCC (Gross)	KAR MCC (Net)	Russell Midcap® Index	S&P 500® Index		KAR MCC (Gross)	KAR MCC (Net)	Russell Midcap® Index	S&P 500® Index
2000	5,000	116,539	113,102	103,249	85,896		21.54	18.10	8.25	-9.10
2001	5,150	108,168	101,528	92,292	70,536		-2.76	-5.68	-5.62	-11.89
2002	5,305	89,217	80,681	72,050	49,643		-12.62	-15.31	-16.19	-22.10
2003	5,464	107,545	93,865	95,449	58,419		26.67	23.11	40.06	28.68
2004	5,628	118,363	99,490	109,119	59,149		15.29	11.99	20.22	10.88
2005	5,796	122,969	99,293	117,128	56,258		8.79	5.63	12.65	4.91
2006	5,970	133,103	103,093	129,035	59,173		13.10	9.84	15.26	15.79
2007	6,149	135,194	100,126	130,108	56,274		6.19	3.09	5.60	5.49
2008	6,334	89,957	62,670	69,832	29,120		-28.78	-31.08	-41.46	-37.00
2009	6,524	102,745	67,439	91,575	30,303		21.47	18.02	40.48	26.46
2010	6,720	116,019	71,491	108,185	28,148		19.46	15.97	25.48	15.06
2011	6,921	114,073	65,435	99,590	21,821		4.29	1.21	-1.55	2.11
2012	7,129	125,499	66,725	109,668	18,185		16.27	12.87	17.28	16.00
2013	7,343	153,893	75,897	140,450	16,732		28.48	24.75	34.76	32.39
2014	7,563	173,842	79,289	151,451	11,459		17.88	14.43	13.22	13.69
2015**	7,790	172,774	72,134	139,968	3,828		3.87	0.80	-2.44	1.38
2016	8,024	185,895	70,564	151,257	0		12.24	8.95	13.80	11.96
2017	8,264	227,076	78,476	171,003	0		26.60	22.92	18.52	21.83
2018	8,512	211,210	65,167	147,001	0		-3.24	-6.11	-9.06	-4.38
2019	8,768	271,534	75,214	183,130	0		32.71	28.87	30.54	31.49
2020	9,031	333,697	83,142	205,417	0		26.22	22.55	17.10	18.40
2021	9,301	409,943	92,119	242,507	0		25.64	21.99	22.58	28.71
2022	9,581	321,499	62,572	190,936	0		-19.24	-21.67	-17.32	-18.11
2023***	9,868	\$388,112	\$65,334	\$213,961	\$0		23.79	20.18	17.23	26.29
Total Withdrawn	\$172,132					Average Annual Returns	10.20	7.36	8.94	7.03

KEY TAKEAWAY

Because it played defense well in the early choppy markets, the KAR portfolio provided the required withdrawals and created the larger nest egg. Despite a sharp market rebound in 2003 after a difficult start, the S&P 500 portfolio never fully recovered and ran out of money.

To learn more about
**Kayne Anderson
 Rudnick's relentless
 focus on high-quality
 businesses, contact us
 at 800-243-4361
 or visit [virtus.com](https://www.virtus.com).**

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[‡]Withdrawals taken December 31st of each calendar year. *Initial investment of \$100,000 at 1/1/00. **The S&P 500 falls short of the income goal, providing a partial distribution of \$3,828 in 2015, which reduced the value to zero and did not allow for distributions in 2016 and subsequent years. ***Market Values as of 12/31/23. Source: FactSet Research Systems, as compiled by Kayne Anderson Rudnick.

KAR MID CAP CORE SEPARATELY MANAGED ACCOUNT PORTFOLIO DISCLOSURE

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 Mid Cap Core Wrap Composite has had a performance examination for the period from January 1, 2000 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 discretionary Mid Cap Core Wrap Portfolios. Mid Cap Core Wrap Portfolios are invested in equity securities with market capitalizations consistent with the Russell Midcap® 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 Midcap® Index. The Russell Midcap® Index is a market capitalization-weighted index of the 800 smallest companies in the Russell 1000® Index, which comprises the 1,000 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 2000. 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.

Year	Composite Gross Return* (%)	Composite Net Return (%)	Russell Midcap® Index Annual Return (%)	Composite 3-Yr Std Dev (%)	Benchmark 3-Yr Std Dev (%)	Number of Accounts	Internal Dispersion (%)	Composite Assets (\$ Millions)	Firm Assets (\$ Millions)
2013	28.48	24.75	34.76	12.48	14.23	6	0.28	12	7,841
2014	17.88	14.43	13.22	10.27	10.29	5	0.16	7	7,989
2015	3.87	0.80	(2.44)	11.94	11.00	5	N/A	7	8,095
2016	12.24	8.95	13.80	12.33	11.72	5	0.14	9	9,989
2017	26.60	22.92	18.52	10.79	10.51	< 5	N/A	9	14,609
2018	(3.24)	(6.11)	(9.06)	11.37	12.15	6	N/A	15	17,840
2019	32.71	28.87	30.54	12.56	13.08	< 5	N/A	20	25,685
2020	26.22	22.55	17.10	19.10	22.13	< 5	N/A	15	39,582
2021	25.64	21.99	22.58	17.89	20.84	13	N/A	25	47,269
2022	(19.24)	(21.67)	(17.32)	21.27	23.95	26	0.34	23	33,531

IMPORTANT KAR MID CAP CORE 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, medium, or large-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. **Industrial Concentration:** Because the portfolio is presently heavily weighted in the industrial sector, it will be impacted by that sector's performance more than a portfolio with broader sector diversification. **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. Local, regional, or global events such as war or military conflict, terrorism, pandemic, or recession could impact the portfolio, including hampering the ability of the portfolio's manager(s) to invest its assets as intended.

INDEX DEFINITIONS: The **Russell Midcap® Index** is a market capitalization-weighted index of medium-capitalization stocks of U.S. companies. The **S&P 500® Index** is a free-float market capitalization-weighted index of 500 of the largest U.S. companies. The indexes are calculated on a total return basis with dividends reinvested. The indexes are unmanaged, their returns do not reflect any fees, expenses, or sales charges, and they are not available for direct investment.

*Pure gross returns are supplemental to net returns.

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