

Mid Cap Core Portfolio

Third Quarter 2017 | Managed Accounts



Portfolio Highlights

Style: Mid Cap
Sub-Style: Core
Index: Russell Midcap®
Portfolio Inception: 2000
Portfolio Assets: \$405.9 M
Portfolio Turnover: 25%–35%

Portfolio Review

The Mid Cap Core portfolio outperformed the Russell Midcap Index during the third quarter. The outperformance was primarily driven by strong stock selection in the consumer discretionary and producer durables sectors. Performance was primarily hurt by negative stock selection and an overweight in the health care sector, and negative stock selection in the materials and processing sector.

Positions that contributed most positively to performance during the quarter were Tractor Supply Company and Exponent. Tractor Supply Company reported positive results that were an improvement from some of its earlier challenges. The company is seeing more normalized, broad-based growth across its stores, and traffic remains positive. Importantly, the company is seeing good success with its “Buy Online, Pick Up in Store” initiatives that we view as a critical opportunity to defend the business against Amazon. Exponent’s stock increased in the quarter as the proactive segment resumed its rapid growth across industry verticals after a couple of quiet quarters. We remain confident that Exponent’s brand and reputation will enable them to generate excellent long-term returns.

Positions that detracted the most from performance during the quarter were Globus Medical and Signature Bank. Globus Medical saw its shares fall in the quarter after rising solidly in the previous quarter. The new Alphatec acquisition created a few distractions that muted margins slightly. The company continues to develop its robotic and trauma products that we believe offer longer-term revenue drivers. Signature Bank’s shares were under pressure in the recent quarter as the flat yield curve and rate increases by the Fed have compressed the net interest margins of the bank. In addition, increased loan pre-payments have made management cautious about hitting their net loan growth targets for the year. Despite these near-term headwinds, Signature remains one of the most efficient banks in the U.S., with loan growth and profitability metrics that are well-above peers.

Purchases and Sales

During the quarter we did not make any complete purchases in the Mid Cap Core portfolio, and we sold our positions in Dentsply Sirona and Equifax.

Dentsply Sirona has done well for us over many years, originally as Sirona alone, and to a lesser extent, since the merger with Dentsply in late 2015. We continue to admire the company’s CAD/CAM business with its CEREC product and other chairside offerings. However, after approximately two years of the merger being announced, there appears to be execution issues that we believe should have been addressed long ago to avoid any impact given benign dental industry growth. Given this, we exited our position.

Equifax disclosed a massive cybersecurity breach with criminals having gained access to personal information of roughly 143 million U.S. consumers over the period from mid-May 2017 through July 29, 2017 when the breach was uncovered. We are disappointed, however, not just by the vast scale of the breach but also by its duration and an over a month-long disclosure lag. These were particularly concerning considering the importance of the credit bureau’s reputation as a trusted consumer data repository. Even assuming the best case scenario of a “contained” outcome, it is clear that the company will remain under significant pressure in the near-to-medium term due to additional investment in IT/data security infrastructure, potential litigation liability not covered by insurance, increased regulatory oversight and negative media coverage. With these considerations in mind, we exited our position in Equifax.

Outlook

On balance, the outlook for equities continues to be favorable. Any meaningful uptick in inflation caused by either higher energy prices or significant wage growth is the principal risk in the outlook for the stock market. We will continue to monitor inflationary trends closely over the next couple of years. Geopolitical events, such as hurricanes and tensions with North Korea, have taken a back seat to the improving global earnings outlook so far this year. With the stock market at all-time highs, we believe it is important for clients to focus more than ever on their longer-term goals and risk tolerance, as market corrections can and do occur frequently—even in bull markets. With such unpredictability, we recommend that clients do not try to time the market, as most often investors fail severely in this endeavor and hurt their returns.

Investment Management Team

| Name | Years of research experience |
|--|------------------------------|
| Douglas S. Foreman, CFA Chief Investment Officer | 31 |
| Jon Christensen, CFA Portfolio Manager + Senior Research Analyst | 22 |
| Craig Stone Portfolio Manager + Senior Research Analyst | 28 |
| Todd Bailey, CFA Senior Research Analyst | 18 |
| Julie Kutsov Senior Research Analyst | 16 |
| Chris Wright, CFA Senior Research Analyst | 7 |
| Chris Benway, CFA Research Analyst | 8 |
| Julie Biel, CFA Research Analyst | 9 |
| Jordan Greenhouse Portfolio Specialist | 20* |

Top Five Holdings

As of September 30, 2017

| Company | Percent of equity (%) |
|------------------------|-----------------------|
| Monster Beverage | 5.9 |
| AMETEK | 5.7 |
| Globus Medical | 5.1 |
| WABCO Holdings | 5.0 |
| Tractor Supply Company | 4.9 |
| Total | 26.6 |

*Represents years of industry experience.

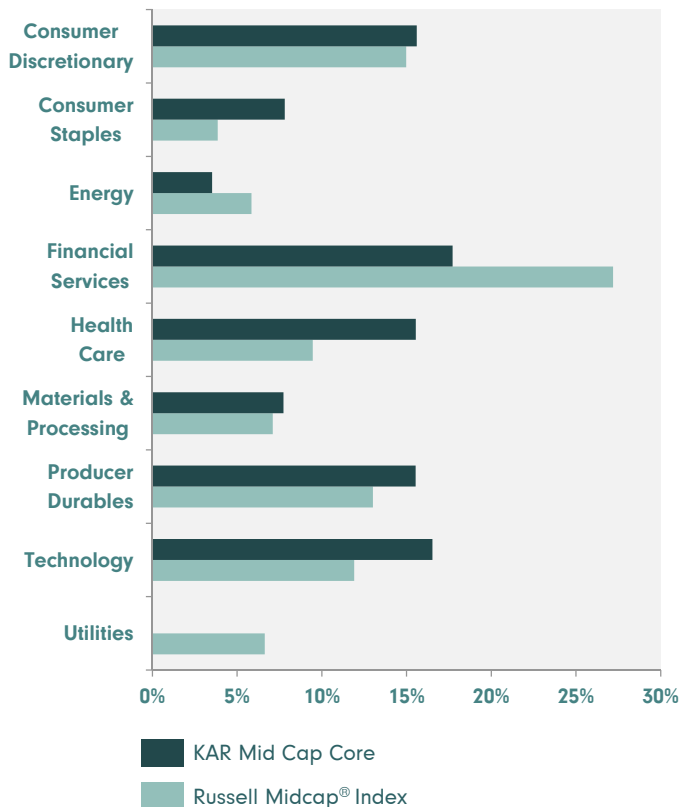
This report is based on the assumptions and analysis made and believed to be reasonable by Advisor. However, no assurance can be given that Advisor’s opinions or expectations will be correct. This report is intended for informational purposes only and should be not considered a recommendation or solicitation 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 |
|--|---|--|--|
| 200 Stocks 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 | 50–60 Stocks 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 superior 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 | 23–35 Stocks Position Weights <ul style="list-style-type: none"> Average position size is typically 3% Max initial position size is 5% (cost) Max position size is 10% (market) Sector Tolerances <ul style="list-style-type: none"> +/- 10% of the sector weights of the Russell Midcap® Index Holding Period <ul style="list-style-type: none"> Typically 3-to-5 years Portfolio turnover is typically 25% to 35% Cash Levels <ul style="list-style-type: none"> Fully invested Max cash position is 10% | Extended Valuation Portfolio Upgrade Diversification Requirements Acquisition Activity Negative Company or Industry Changes |
| Higher Quality Stronger, More Consistent Growth Better Value | | | |

Sector Diversification

As of September 30, 2017



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 Russell sector classifications. Data is obtained by FactSet Research Systems and is assumed to be reliable.

Portfolio Characteristics

As of September 30, 2017

| | KAR Mid Cap Core | Russell Midcap® Index |
|--|------------------|-----------------------|
| Quality | | |
| Return on Equity—Past 5 Years | 26.9% | 14.3% |
| Total Debt/EBITDA | 1.9 x | 4.2 x |
| Earnings Variance—Past 10 Years | 30.1% | 63.2% |
| S&P Stock Ranking (A+, A, A-, B+) | 72.5% | 43.3% |
| Growth | | |
| Earnings Per Share Growth—Past 5 Years | 9.8% | 9.2% |
| Earnings Per Share Growth—Past 10 Years | 14.6% | 7.9% |
| Dividend Per Share Growth—Past 5 Years | 15.4% | 11.9% |
| Dividend Per Share Growth—Past 10 Years | 16.9% | 8.0% |
| Capital Generation—{ROE x (1-Payout)} | 20.4% | 9.5% |
| Value | | |
| P/E Ratio—Trailing 12 Months | 29.4 x | 27.5 x |
| Dividend Yield | 0.9% | 1.7% |
| Free Cash Flow Yield† | 3.8% | 3.6% |
| Market Characteristics | | |
| \$ Weighted Average Market Cap—4 Qtr. Avg. | \$12.1 B | \$13.8 B |
| Largest Market Cap—4 Qtr. Avg. | \$32.3 B | \$45.0 B |
| Annualized Standard Deviation—Since Inception* | 14.2% | 18.4% |

*January 1, 2000

†Free cash flow data is as of June 30, 2017. Prices are as of September 30, 2017. Excludes financials.

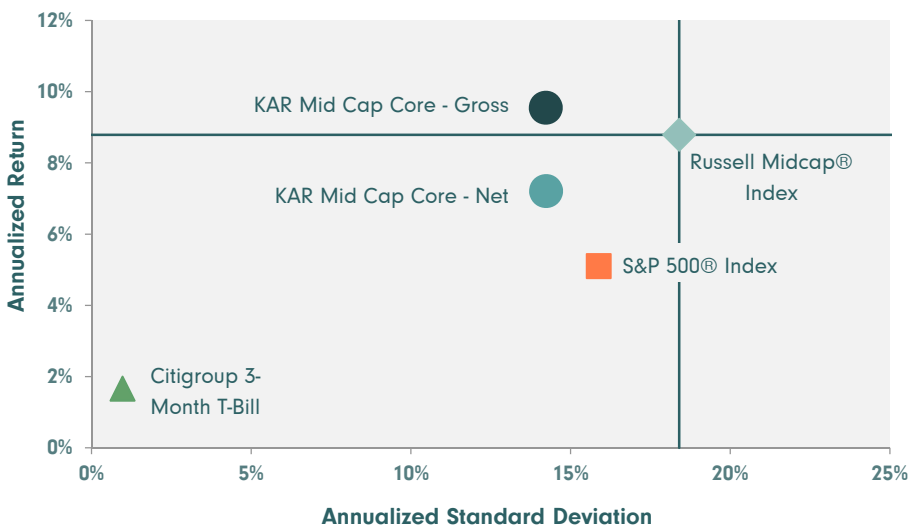
This material is deemed supplemental and complements the performance and disclosure at the end of this presentation. Data is obtained from FactSet Research Systems and BNY Mellon and is assumed to be reliable. Other principal consultant firms may use different algorithms to calculate selected statistics. Estimates are based on certain assumptions and historical information. Past performance is no guarantee of future results.

Mid Cap Core Portfolio

Third Quarter 2017 | Managed Accounts

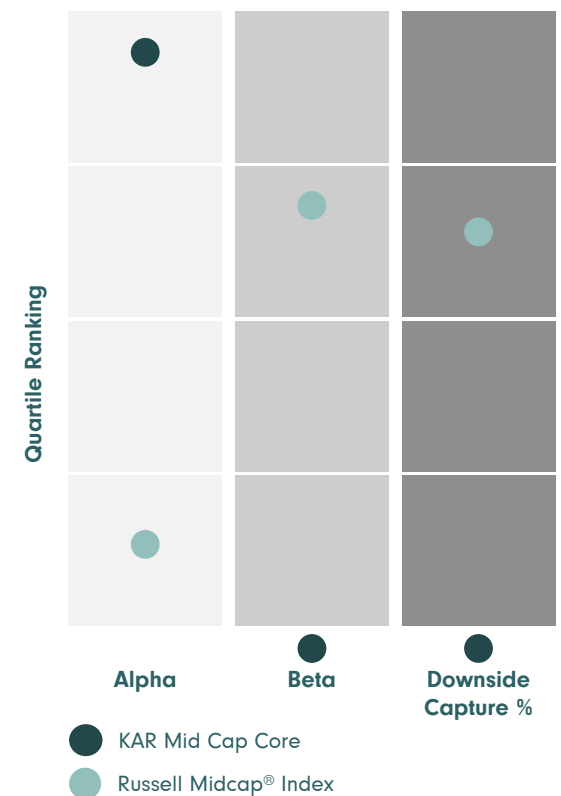
Strong Risk-Adjusted Returns

Inception* to September 30, 2017



Peer Comparison Chart

Ten Years Ending September 30, 2017



Historical Returns

| | KAR Mid Cap Core (gross) | KAR Mid Cap Core (net) [‡] | Russell Midcap® Index |
|---|--------------------------|-------------------------------------|-----------------------|
| Annualized Returns (%)[†] | | | |
| As of September 30, 2017 | | | |
| 3 rd Quarter | 5.07 | 4.29 | 3.47 |
| Year to Date | 15.86 | 13.32 | 11.74 |
| One Year | 19.27 | 15.79 | 15.32 |
| Three Years | 14.22 | 11.76 | 9.54 |
| Five Years | 16.03 | 14.01 | 14.26 |
| Seven Years | 15.81 | 13.92 | 13.80 |
| Ten Years | 9.60 | 7.75 | 8.08 |
| Inception* | 9.55 | 7.21 | 8.79 |
| Annual Returns (%) | | | |
| 2016 | 12.24 | 8.95 | 13.80 |
| 2015 | 3.87 | 2.73 | (2.44) |
| 2014 | 17.88 | 16.68 | 13.22 |
| 2013 | 28.48 | 27.15 | 34.76 |
| 2012 | 16.27 | 14.45 | 17.28 |
| 2011 | 4.29 | 2.95 | (1.55) |
| 2010 | 19.46 | 17.99 | 25.48 |
| 2009 | 21.47 | 19.16 | 40.48 |
| 2008 | (28.78) | (30.29) | (41.46) |
| 2007 | 6.19 | 4.20 | 5.60 |
| 2006 | 13.10 | 10.91 | 15.26 |
| 2005 | 8.79 | 5.56 | 12.65 |
| 2004 | 15.29 | 11.86 | 20.22 |
| 2003 | 26.67 | 23.03 | 40.06 |
| 2002 | (12.62) | (15.26) | (16.19) |
| 2001 | (2.76) | (5.59) | (5.62) |
| 2000 | 21.54 | 17.94 | 8.25 |

*January 1, 2000

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

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

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 Mid Cap Core Universe includes all managers categorized in the mid 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.

Performance Statistics

Inception* to September 30, 2017

| | KAR Mid Cap Core | Russell Midcap® Index |
|-------------------------------|------------------|-----------------------|
| Annualized Return | 9.55 | 8.79 |
| Annualized Standard Deviation | 14.22 | 18.40 |
| Alpha | 2.50 | 0.00 |
| Beta | 0.71 | 1.00 |
| Sharpe Ratio | 0.56 | 0.39 |
| R-Squared | 84.86 | 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 fund has a limited number of securities, it may be more susceptible to factors adversely affecting its securities than a less concentrated fund. **Industry/Sector Concentration:** A fund that focuses its investments in a particular industry or sector will be more sensitive to conditions that affect that industry or sector than a non-concentrated fund.

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Disclosure

Kayne Anderson Rudnick Investment Management, LLC claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS® standards. Kayne Anderson Rudnick Investment Management, LLC has been independently verified for the period from January 1, 1999 through December 31, 2015.

Verification assesses whether (1) the firm has complied with all the composite construction requirements of the GIPS® standards on a firm-wide basis and (2) the firm's policies and procedures are designed to calculate and present performance in compliance with the GIPS® standards. The Mid Cap Core Wrap Composite has been examined for the period from January 1, 2000 through December 31, 2015. The verification and performance examination reports are available upon request.

Kayne Anderson Rudnick Investment Management, LLC, 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. Kayne Anderson Rudnick Investment Management, LLC 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 composite was created in July 2003. A list of composite descriptions and policies for valuing portfolios, calculating performance and preparing compliant presentations 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. Prior to January 1, 2011, accounts that experienced a significant cash flow, defined as aggregate flows that exceeded 25% of the account's beginning of period market value, were temporarily removed from the composite. Prior to December 31, 2010, the composite minimum was \$100,000.

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 1/4 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 gross returns) and the benchmark for the 36-month period is presented starting December 31, 2012, because prior to January 1, 2010, the composite return was calculated quarterly and 36 monthly returns are not available.

3-Yr Annualized Standard Deviation (%)

| December 31 | Composite | Benchmark |
|-------------|-----------|-----------|
| 2012 | 15.34 | 17.44 |
| 2013 | 12.48 | 14.23 |
| 2014 | 10.27 | 10.29 |
| 2015 | 11.94 | 11.00 |
| 2016 | 12.33 | 11.72 |

| Year | Total Firm Assets (\$ millions) | Total Composite Assets (\$ millions) | Wrap Accounts as % of Composite Assets | Accounts at Year End | Pure Gross Annual Return (%)* | Net Annual Return (%) | Russell Midcap® Index Annual Return (%) | Internal Dispersion |
|------|---------------------------------|--------------------------------------|--|----------------------|-------------------------------|-----------------------|---|---------------------|
| 2007 | 5,392 | 25 | 100% | 7 | 6.19 | 4.20 | 5.60 | 0.06 |
| 2008 | 3,445 | 18 | 100% | 9 | (28.78) | (30.29) | (41.46) | 0.15 |
| 2009 | 4,010 | 23 | 100% | 8 | 21.47 | 19.16 | 40.48 | 0.35 |
| 2010 | 4,729 | 28 | 100% | 8 | 19.46 | 17.99 | 25.48 | 0.87 |
| 2011 | 5,232 | 25 | 100% | 6 | 4.29 | 2.95 | (1.55) | 0.70 |
| 2012 | 6,545 | 34 | 100% | 7 | 16.27 | 14.45 | 17.28 | 0.16 |
| 2013 | 7,841 | 12 | 100% | 6 | 28.48 | 27.15 | 34.76 | 0.28 |
| 2014 | 7,989 | 7 | 100% | 5 | 17.88 | 16.68 | 13.22 | 0.16 |
| 2015 | 8,095 | 7 | 100% | 5 | 3.87 | 2.73 | (2.44) | N/A |
| 2016 | 9,989 | 9 | 100% | 5 | 12.24 | 8.95 | 13.80 | 0.14 |

*Pure gross returns are supplemental to net returns.

The Russell Midcap® Index is a trademark/service mark of Frank Russell Company. Russell® is a trademark of Frank Russell Company.