

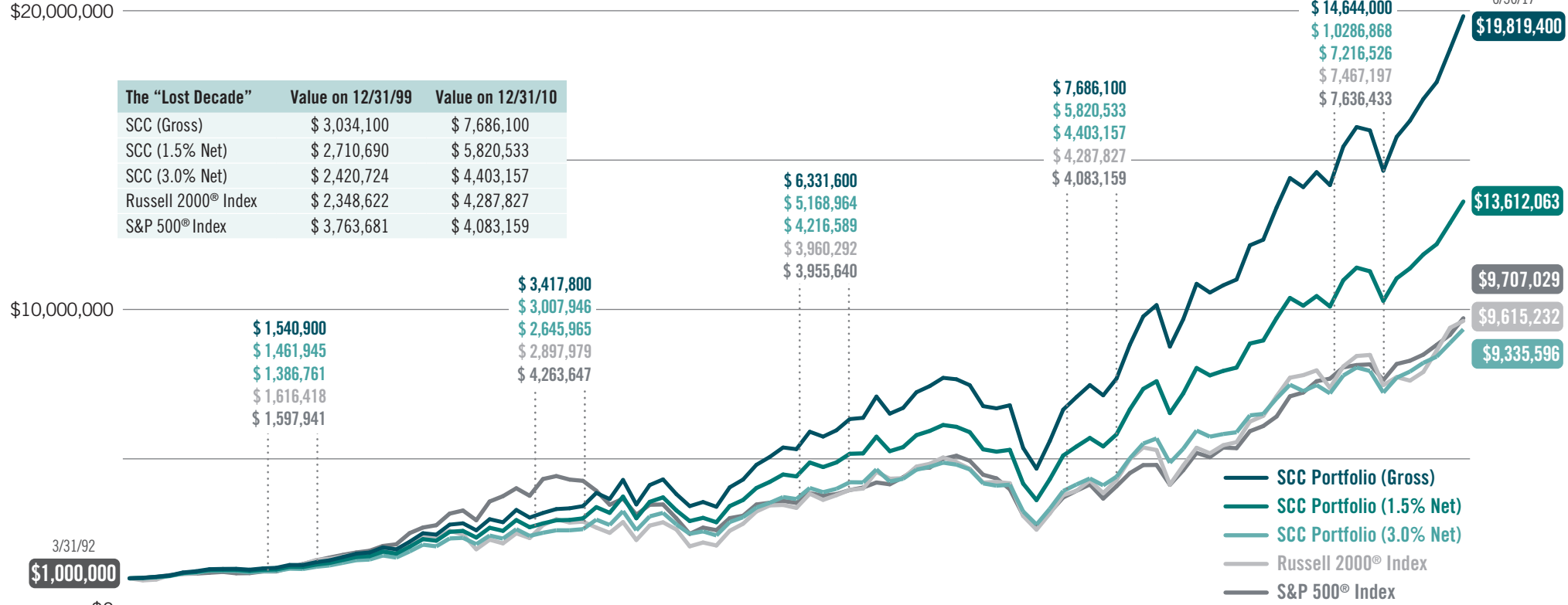
IT'S QUALITY THAT MATTERS



Kayne Anderson Rudnick
A VIRTUS INVESTMENT PARTNER

Kayne Anderson Rudnick's flagship portfolio, Small-Cap Core, has generated superior long-term risk adjusted returns by investing in high-quality companies with market dominance, excellent management, financial strength, and consistent growth, purchased at reasonable prices.

KAYNE ANDERSON RUDNICK SMALL-CAP CORE PORTFOLIO: GROWTH OF \$1,000,000 VS. INDEXES¹



RETURNS (%) ²	1992 ³	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
SCC (Gross)	9.65	20.00	2.75	18.57	26.98	21.00	20.98	7.02	20.98	6.82	-13.73	35.02	23.07	7.87	13.46	3.25	-28.15	31.80	24.83	9.64	13.75	30.89	7.31	2.09	18.88
SCC (Net)	7.25	16.54	-0.26	15.07	23.22	17.45	17.42	3.93	17.42	3.74	-16.34	31.19	19.42	4.63	11.87	1.71	-29.36	29.72	22.52	7.75	11.80	28.76	5.57	0.51	15.41
Russell 2000®	10.16	18.88	-1.82	28.45	16.49	22.36	-2.55	21.26	-3.02	2.49	-20.48	47.25	18.33	4.55	18.37	-1.57	-33.79	27.17	26.85	-4.18	16.35	38.82	4.89	-4.41	21.31
S&P 500®	10.41	10.08	1.32	37.58	22.96	33.36	28.58	21.04	-9.10	-11.89	-22.10	28.68	10.88	4.91	15.79	5.49	-37.00	26.46	15.06	2.11	16.00	32.39	13.69	1.38	11.96

¹Source: Morningstar Direct. Dollar values shown are as of December 31st of each year. Returns are calculated monthly.

²Sources: SCC (Gross and Net)—Kayne Anderson Rudnick. Returns for the Kayne Anderson Rudnick composite are preliminary. For further details on the composite, please see the disclosure statement in this presentation. Indexes—Morningstar Direct. Negative performance years are highlighted in red.

³Returns shown for 1992 represent nine months of performance only.

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 **S&P 500® Index** 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. **Past performance is not indicative of future results.**

STRONGER LONG-TERM PERFORMANCE WITH A SMOOTHER RIDE

The defensive characteristics and high-quality nature of the Small Cap Core Portfolio have enabled it to generate compelling long-term performance. These same attributes have also helped mitigate the impact of periods of underperformance. Historically, drawdowns have been less severe for the portfolio than for the Russell 2000® Index, and the subsequent recovery periods have been shorter.

Period		DRAWDOWN				RECOVERY		SUBSEQUENT RETURNS (%)			
		Beginning	Trough	Quarters	Cumulative Drawdown (%)	Recovery Date	Quarters	Since	1 year	3 years	5 years
Apr 1998–Sept 1998	KAR SCC Portfolio	Jul-98	Sep-98	1	-8.27	Dec-98	1	Apr-98	16.73	14.02	6.62
	Russell 2000 Index	Apr-98	Sep-98	2	-23.87	Dec-99	5	Apr-98	-15.18	-0.59	-3.72
Apr 2000–Sept 2002	KAR SCC Portfolio	Apr-02	Mar-03	4	-21.28	Dec-03	3	Apr-00	14.50	2.10	12.48
	Russell 2000 Index	Apr-00	Sep-02	10	-30.48	Dec-03	5	Apr-00	-14.07	-10.24	4.18
July 2007–Mar 2009	KAR SCC Portfolio	Jul-07	Mar-09	7	-38.98	Dec-10	7	Jul-07	-9.97	-1.41	7.27
	Russell 2000 Index	Jul-07	Mar-09	7	-47.93	Mar-11	8	Jul-07	-15.85	-8.82	0.54
April 2011–Sept 2011	KAR SCC Portfolio	Jul-11	Sep-11	1	-13.47	Mar-12	2	Apr-11	14.70	14.18	11.51
	Russell 2000 Index	Apr-11	Sep-11	2	-23.12	Sep-12	4	Apr-11	0.19	13.80	7.34

► **To learn more** about Kayne Anderson Rudnick's relentless focus on high-quality businesses, contact us at **1-800-243-4361** or visit **virtus.com**.

Drawdown periods reflect peak-to-trough performance since inception, based on quarterly returns. Drawdown periods with completed recovery periods are illustrated. Returns for the Kayne Anderson Rudnick composite are gross of fees. For further details on the composite, please see the disclosure statement in this presentation. **Past performance is no guarantee of future results.** Data is obtained from Zephyr StyleADVISOR and Morningstar Direct and is assumed to be reliable.

continued

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 Small Cap Core Wrap Composite has been examined for the period from January 1, 1999 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 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 composite was created in October 1995. 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 exceed 25% of the account's beginning of period market value, were temporarily removed from the composite. Prior to January 1, 2011, 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 1/4th 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 of the composite 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 (%)			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 2000® Index Annual Return (%)	Internal Dispersion			
December 31	Composite	Benchmark	Year	Year	Year	Year	Year	Year	Year	Year			
			2007	5,392	847	100%	39	3.25	1.71	-1.57	0.21		
			2008	3,445	469	100%	49	-28.15	-29.36	-33.79	0.42		
			2009	4,010	565	100%	54	31.80	29.72	27.17	0.71		
			2010	4,729	659	100%	67	24.83	22.52	26.85	0.71		
			2011	5,232	846	100%	70	9.64	7.75	-4.18	0.51		
			2012	6,545	1,073	100%	71	13.75	11.80	16.35	0.31		
			2013	7,841	1,336	100%	67	30.89	28.76	38.82	0.45		
			2014	7,989	1,294	100%	70	7.31	5.57	4.89	0.27		
			2015	8,095	1,023	100%	55	2.09	0.51	-4.41	0.38		
			2016	12.19	15.99	9,989	1,222	100%	74	18.55	15.09	21.31	0.91

*Beginning October 1, 1995, pure gross returns are supplemental to net returns.

*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.

Not insured by FDIC/NCUSIF or any federal government agency. No bank guarantee. Not a deposit. May lose value.