



Kayne Anderson Rudnick
Investment Management

Mid Cap Core Portfolio
Managed Accounts
Third Quarter 2017 Review

kayne.com

1800 Avenue of the Stars, 2nd Floor Los Angeles, CA 90067 T 800.231.7414

Firm Overview

As of September 30, 2017



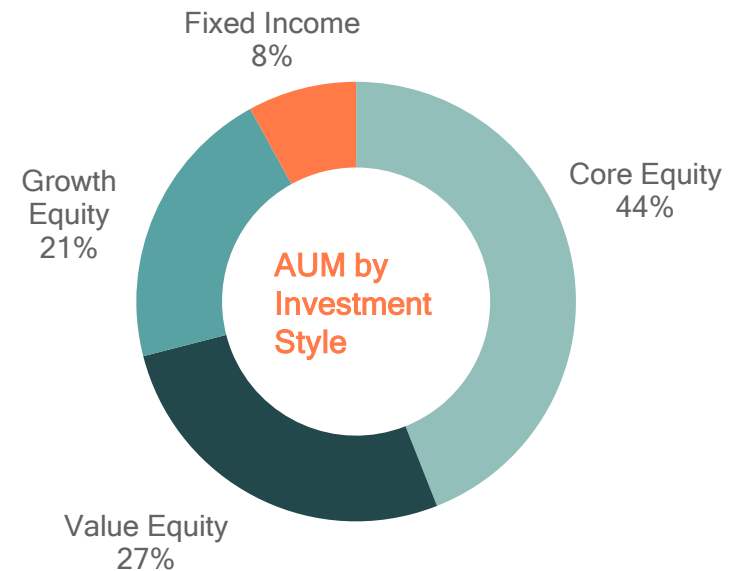
Kayne Anderson Rudnick
Investment Management

Profile

- Originally established to manage founder capital
- Specialization in small and mid cap equity strategies with over three decades of experience
- A differentiated “business analyst” investment approach focusing on high-quality businesses
- A disciplined and repeatable investment process that produces high-conviction portfolios
- A wholly owned, independent subsidiary of Virtus Investment Partners

At a Glance

Year Founded	1984
Headquarters	Los Angeles, CA
AUM	\$16.9 billion
Number of Investment Professionals	14
Average Investment Experience	16 Years

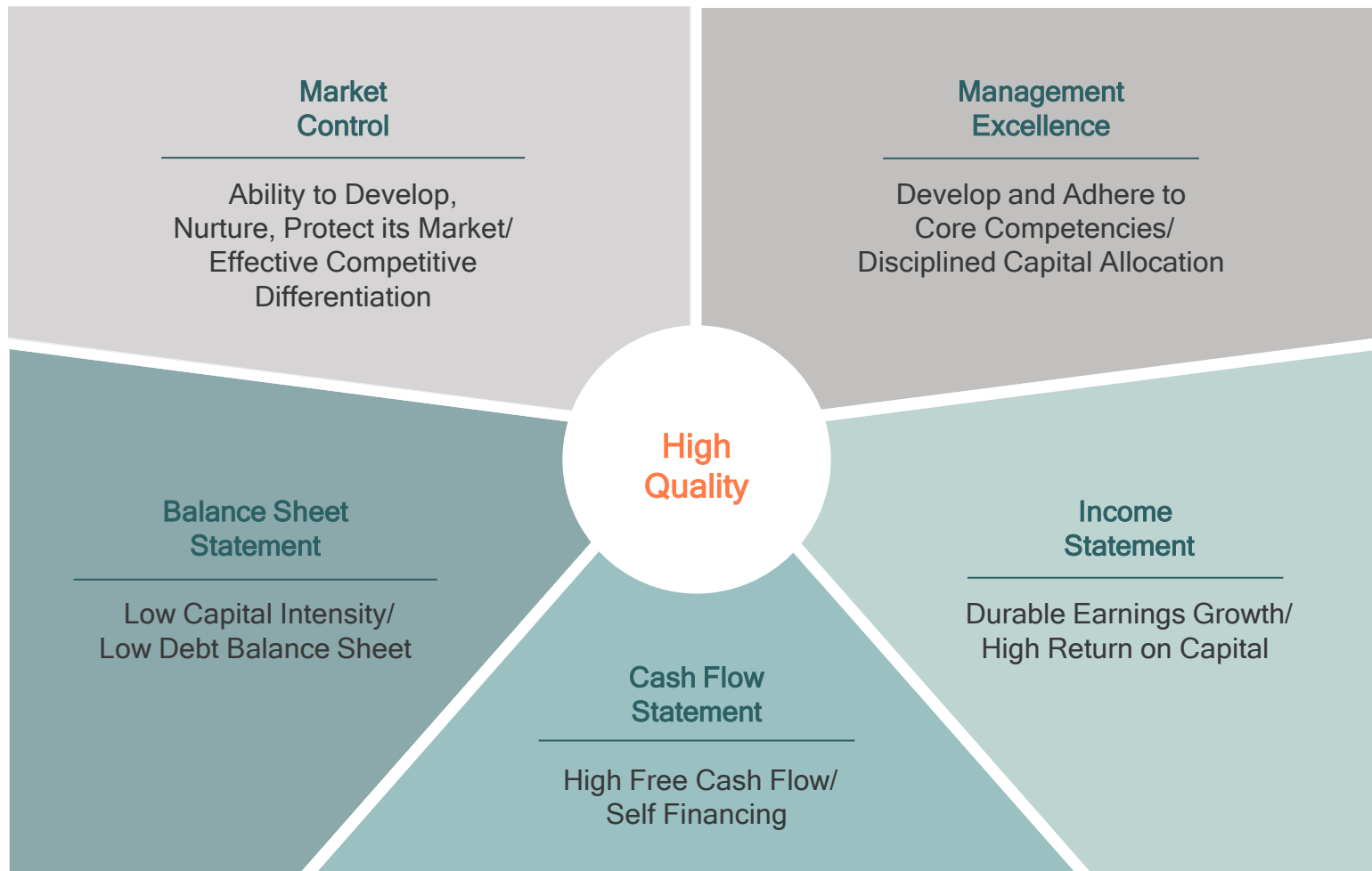


Investment Philosophy

We believe that purchasing high-quality businesses with competitive protections at attractive valuations will achieve excess returns over a complete market cycle

Investment Objectives

- To achieve a return meaningfully above that of the Russell Midcap[®] Index
- To achieve this return objective with a portfolio that exhibits lower overall risk characteristics



Mid Cap Core Team

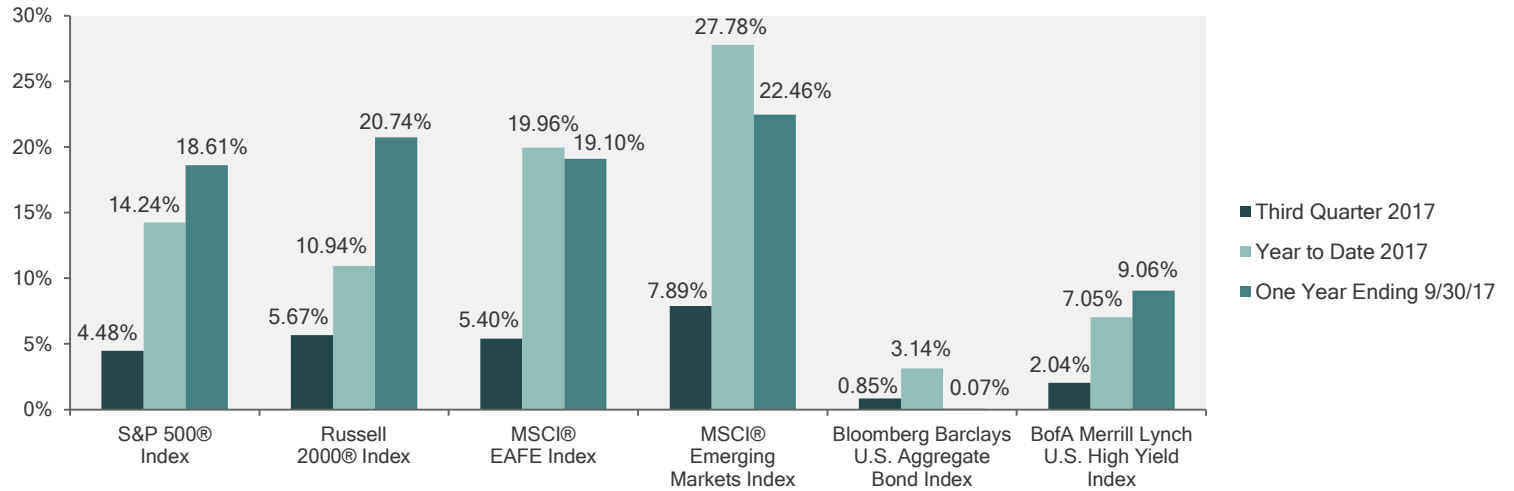


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Portfolio Manager/Analysts	Responsibility	Research Experience	Years with KAR
Douglas S. Foreman, CFA	Chief Investment Officer	31 Years	6 Years
Jon Christensen, CFA	Portfolio Manager & Senior Research Analyst Sector Coverage: Health Care	22 Years	16 Years
Craig Stone	Portfolio Manager & Senior Research Analyst Sector Coverage: Producer Durables	28 Years	17 Years
Todd Bailey, CFA	Senior Research Analyst Sector Coverage: Financials and Producer Durables	18 Years	15 Years
Julie Kutasov	Senior Research Analyst Sector Coverage: Energy and Financials	16 Years	16 Years
Chris Wright, CFA	Senior Research Analyst Sector Coverage: Consumer Discretionary, Consumer Staples, and Financials	7 Years	5 Years
Chris Benway, CFA	Research Analyst Sector Coverage: Materials and Processing and Producer Durables	8 Years	3 Years
Julie Biel, CFA	Research Analyst Sector Coverage: Technology and Consumer Discretionary	9 Years	4 Years
Jordan Greenhouse	Portfolio Specialist	20 Years*	1 Year

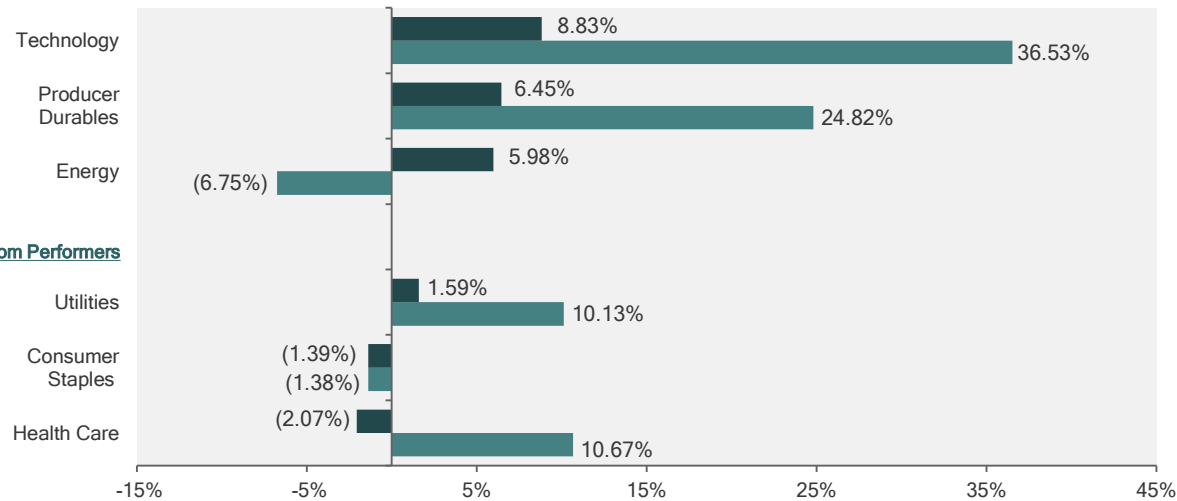
*Represents years of industry experience.

Index Performance



Sector Performance Russell Midcap® Index

Top Performers



Bottom Performers

This material is deemed supplemental and complements the performance and disclosure at the end of this presentation.

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Market Review

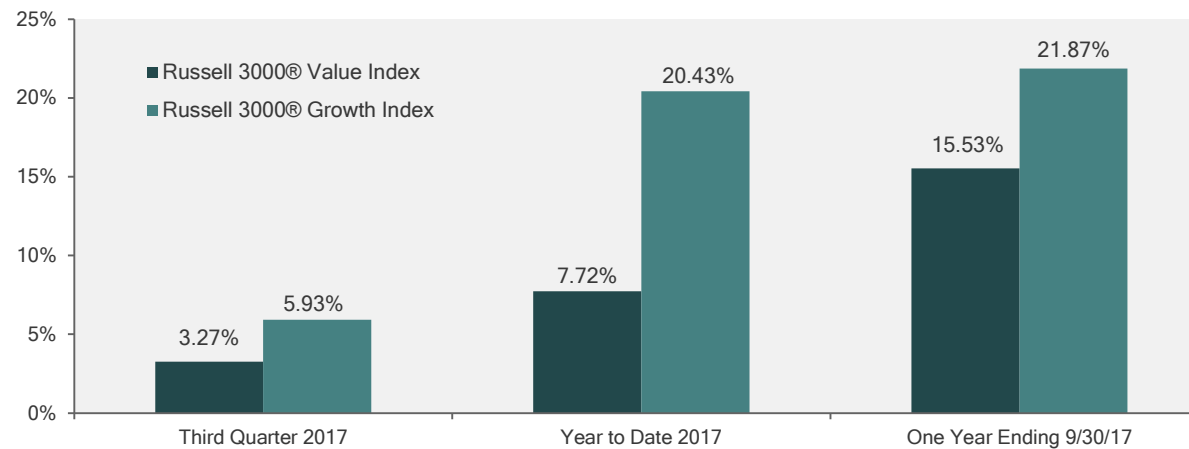
Performance by Style and Market Cap



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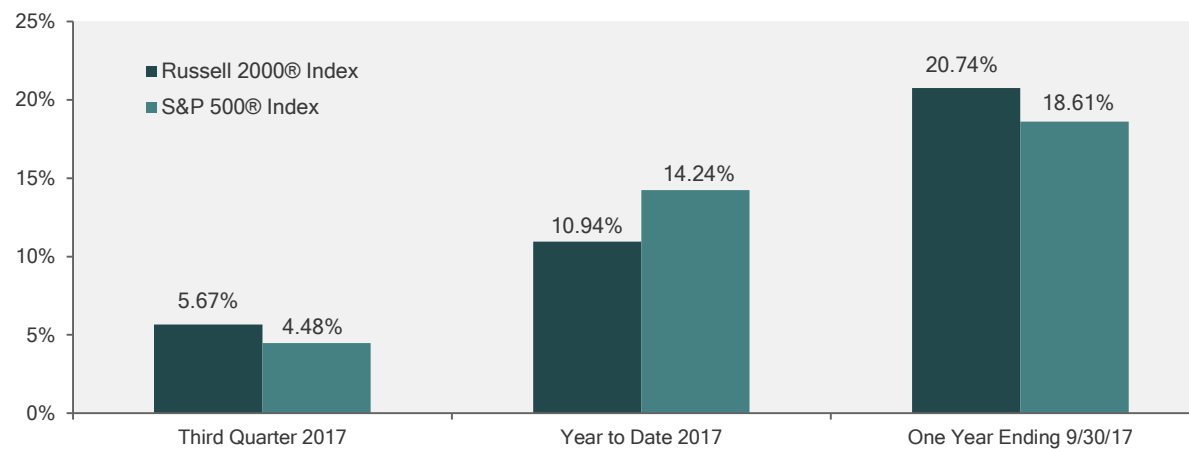
Performance by Style

Russell 3000® Value Index vs. Russell 3000® Growth Index



Performance by Market Cap

Russell 2000® Index vs. S&P 500® Index



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Quarterly Performance Overview

Mid Cap Core Portfolio

Periods Ending September 30, 2017



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Monthly, Quarterly and Year to Date Performance

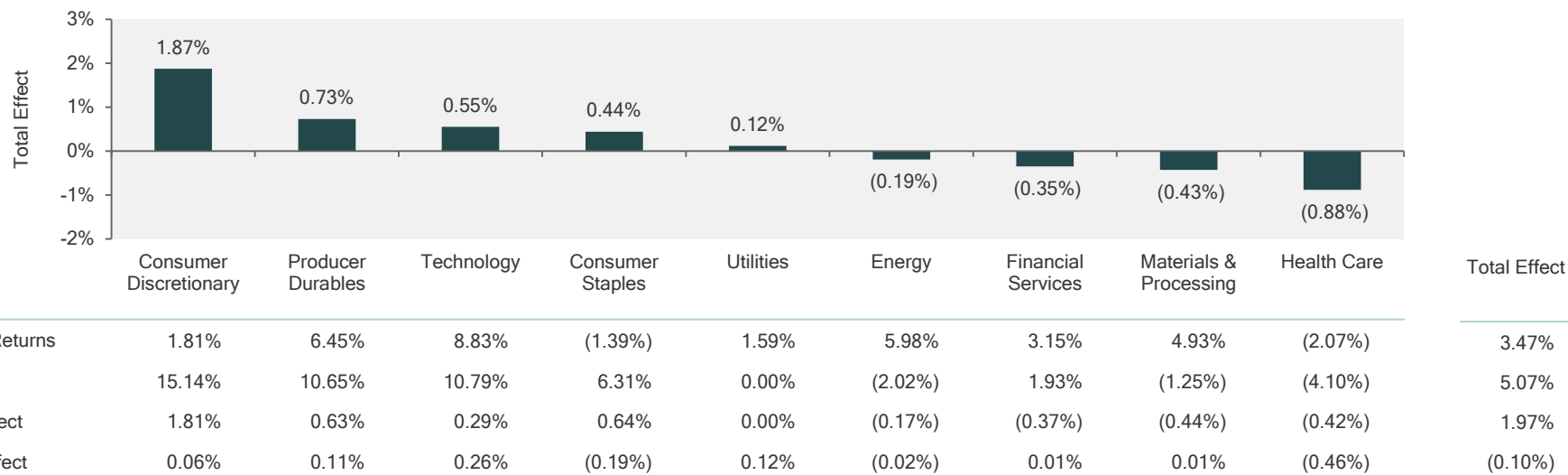
	Gross (%)	Net (%)	Index (%)	Excess Returns (bps)
July	1.35	1.10	1.47	(12)
August	0.50	0.25	(0.78)	128
September	3.15	2.90	2.77	38
Third Quarter	5.07	4.29	3.47	159
Year to Date	15.86	13.32	11.74	412

Contributors

Highest	Contribution
Tractor Supply Company	+0.76%
Exponent	+0.76%
WABCO Holdings	+0.73%
Lowest	Contribution
Globus Medical	(0.62%)
Signature Bank	(0.46%)
Dentsply Sirona <i>(Sold Q3 2017)</i>	(0.36%)

Attribution by Sector

Quarter Ending September 30, 2017



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Returns for the Kayne Anderson Rudnick composite are preliminary. All periods less than one year are total returns and are not annualized. 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. Numbers may not always add up due to rounding. Past performance is no guarantee of future results.

Annual Performance Overview

Mid Cap Core Portfolio

Periods Ending September 30, 2017



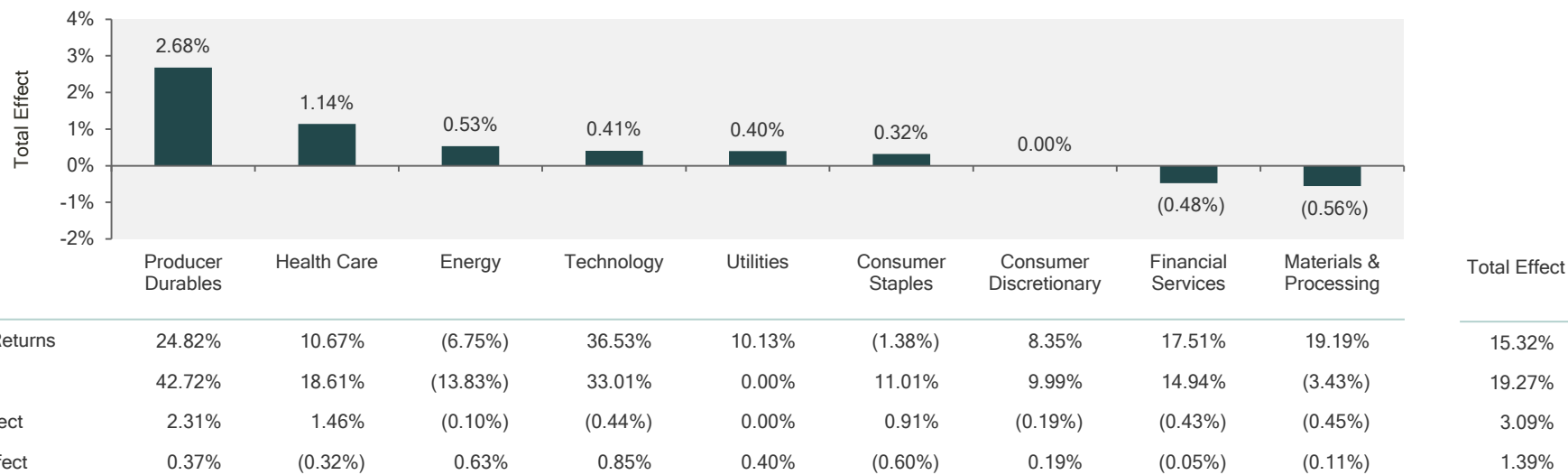
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Quarterly and Annual Performance

	Gross (%)	Net (%)	Index (%)	Excess Returns (bps)
Fourth Quarter 2016	2.94	2.18	3.21	(27)
First Quarter 2017	5.85	5.08	5.15	71
Second Quarter 2017	4.18	3.41	2.70	148
Third Quarter 2017	5.07	4.29	3.47	159
1 Year Ending 9/30/17	19.27	15.79	15.32	395

Attribution by Sector

One Year Ending September 30, 2017



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Highest Contributors

Mid Cap Core Portfolio

One Year Ending September 30, 2017



Kayne Anderson Rudnick
Investment Management

Security	Contribution	Comments
Graco	+1.99%	Over the past couple of quarters, Graco has seen continued acceleration in growth rates in all three of its operating segments. Higher production volumes and realized pricing led to a 300 basis points operating margin gain in the latest quarter. Capital allocation over the past several years has also been tilted towards share repurchases. Since the end of 2013, the company has lowered its share count by 8%, which has also helped improve EPS growth. Valuation has moved up due to the good results from the company.
AMETEK	+1.88%	AMETEK outperformed over the past 12 months due to improving energy and industrial end markets. Because of a differentiated, technical product portfolio and superior capital allocation, we remain confident AMETEK will generate superior returns over time.
Globus Medical	+1.65%	Globus Medical continues to develop its robotic and trauma products that we believe offer longer term revenue drivers. With a solid balance sheet that has no debt, we continue to be shareholders.

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Lowest Contributors

Mid Cap Core Portfolio

One Year Ending September 30, 2017



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Security	Contribution	Comments
TripAdvisor <i>(Sold Q2 2017)</i>	(1.32%)	TripAdvisor's shares have been under pressure for several years as margins have continued declined due to increased marketing spend. In addition, the transition to Instant Book has negatively impacted revenue growth, which created additional pressure on margins. We expected to see some improvement in business fundamentals this year, but management is intent on ramping up marketing spend further to reignite revenue growth.
Edwards Lifesciences <i>(Sold Q1 2017)</i>	(0.89%)	Edwards saw its shares fall in the past year as the Transcatheter Aortic Valve Replacement (TAVR) market continues to grow nicely, but we are seeing more difficult comparisons and therefore a potential growth slowdown as new TAVR center openings slow and procedure growth could be a major driver going forward. Also, the competitive environment is getting more heated as Boston Scientific is seeing more traction with its LOTUS valve and Medtronic continues to maintain share.
Sally Beauty Holdings <i>(Sold Q2 2017)</i>	(0.67%)	Sally Beauty Holdings' financial results have struggled as the company works to improve the in-store experience at Sally Beauty. The Beauty Systems Group, or professional group, has also had some challenges when it comes to maintaining the right level of promotions to drive traffic and sales. The company has also struggled to identify the right loyalty program. Initial pilot tests on its new program have been positive, however, it will take a few quarters to roll out chain wide.

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Purchases

Mid Cap Core Portfolio

Quarter Ending September 30, 2017



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Purchases	Descriptions/Reasons
Core Laboratories—Increased Position	The global oil crisis has heavily impacted Core Lab's customers as weak oil prices have muted development activity that ultimately impairs completions, stimulations and reservoir characterization work that drives Core Lab's business. The company's predicted "v-shape" recovery in oil prices has not materialized and, therefore, lengthened the uncertainty for the eventual resumption of growth in prices. We continue to believe that Core Labs is an innovation leader that still has room for growth in unconventional reservoirs. This, combined with a solid balance sheet and solid free cash flow, strengthens our confidence in the long-term story of the company. While patience is required as it pertains to oil prices and their predictability, we believe that Core Labs should succeed as the industry recovers.
Lennox International—Increased Position	Lennox recently reported solid financial results with revenues and volume increasing as the residential replacement market for the company's products grew low double digits. We believe the replacement market could have a long tailwind for the business. This, combined with a prudent management team that is investing wisely in the business in the form of technology, as well as consistently repurchasing shares, gives us confidence in the longer-term story.
Tractor Supply Company—Increased Position	Tractor Supply Company recently reported financials that showed decent same-store sales growth with transactions improving nicely as the company's "Buy Online, Pick Up In Store" program begins showing some impact. These transactions are typically higher than in-store only. We believe that the business should see the investments being made over the past few years finally bearing fruit. With the shares down and sentiment still bearish given the current state of retail, we increased our position.

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Sales

Mid Cap Core Portfolio

Quarter Ending September 30, 2017



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Sales	Reasons
Dentsply Sirona—Sold Entire Position	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—Sold Entire 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.
Exponent—Trimmed Position	With the valuation at a new all-time high, we trimmed our position. There has been no change to our fundamental view of the business.

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Portfolio Characteristics

Higher Quality, Stronger, More Consistent Growth, & Better Value
Mid Cap Core Portfolio – As of September 30, 2017



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	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. Average	\$12.1 B	\$13.8 B
Largest Market Cap—4 Qtr. Average	\$32.3 B	\$45.0 B
Annualized Standard Deviation—Since Inception*	14.2%	18.4%

In a market of average businesses, we own protected proprietary businesses that generate exceptional returns on shareholders' capital without employing significant debt.

In a market of cyclical businesses requiring growth capital from fickle markets, we own companies producing self-funded strong, consistent growth sustainable into the future.

And we are able to achieve this high quality and strong growth at a discount valuation to the market.

*January 1, 2000

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

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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.

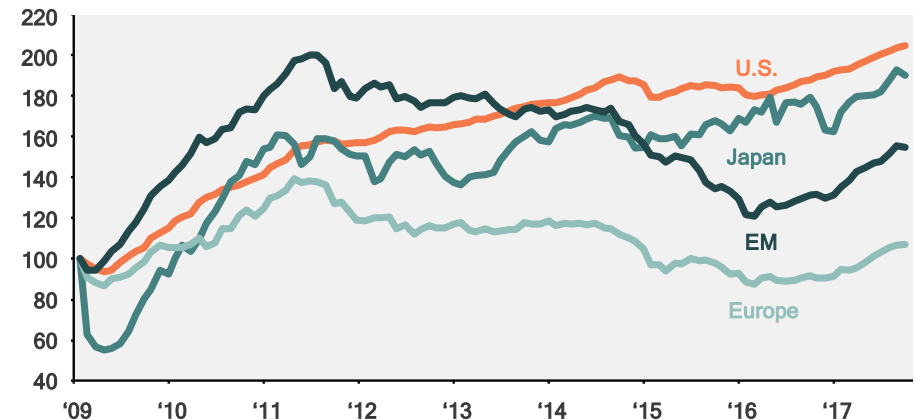
Estimates are based on certain assumptions and historical information. Past performance is no guarantee of future results.

The U.S. economy continues to grow modestly. International economies have finally started to accelerate, improving the outlook for global economic growth rates.

- Corporate earnings and revenue continue to grow in constant currency and companies are maintaining historically high operating margins. First half 2017 earnings per share (EPS) for the S&P 500 was up double-digits. S&P 500 EPS should continue to grow in the mid-to-high single-digit growth range over the next 12-to-18 months. Additionally, international and emerging markets reported earnings are improving.
- U.S. GDP could improve to the 2.5% to 3.5% range over the next two years if tax reform becomes a reality. The stock market is starting to discount a very low probability of tax reform passing.
- Corporate cash is at all-time highs, leading to share buybacks, dividend increases and acquisitions. Companies have become more disciplined about their capital allocation. M&A activity has slowed somewhat due to uncertainties about tax reform, but IPO activity is finally picking up.
- Household net wealth continues to hit a new high. Consumer confidence is back to 2007 levels. The labor market continues to improve meaningfully. Wage growth remains under control despite very low levels of unemployment.
- Energy costs have declined significantly providing input cost relief for consumers and companies. However, many energy-related businesses are quickly recovering from recession conditions. Sustainability of the price of energy is an important issue over the next couple of years.
- Innovation is alive and well with the U.S. creating many investment opportunities in industries such as technology, health care and industrials.
- Bond yields and mortgage rates have continued to stay fairly low by historical standards, which has helped real estate markets continue to recover.

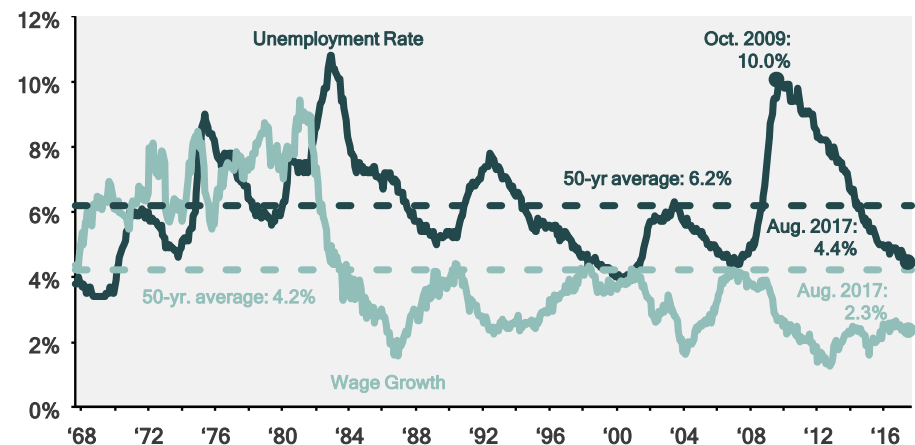
Global Earnings

EPS, U.S. Dollar, NTMA, January 2009 = 100



Unemployment and Wages

Civilian Unemployment Rate and Year-Over-Year Wage Growth for Private Production and Non-Supervisory Workers



Data as of September 30, 2017.

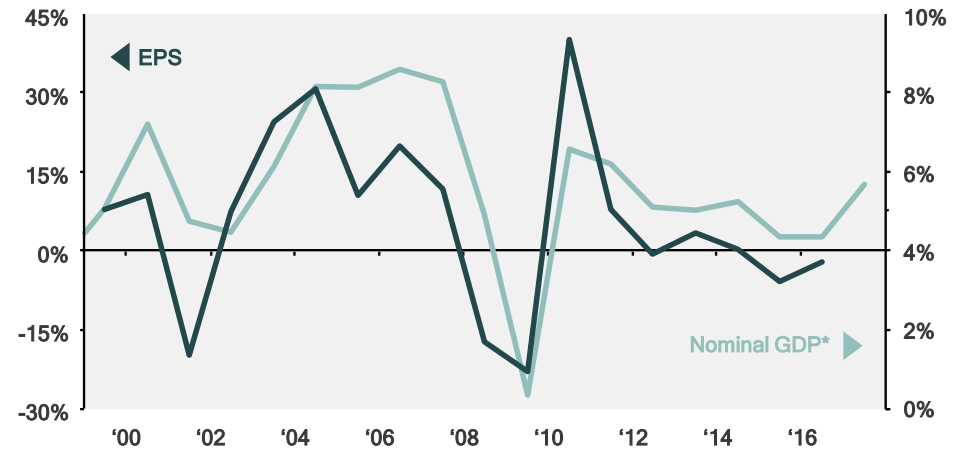
Global Earnings chart uses MSCI indices for all regions/countries, except for the U.S., which is the S&P 500. All indices use IBES aggregate earnings estimates, which may differ from earnings estimates elsewhere in the materials. MSCI Europe includes the Eurozone as well as countries not in the currency bloc, such as the U.K., Switzerland, Sweden and Norway (which collectively make up 46% of the overall index). Unemployment and wage growth data is seasonally adjusted. Data is obtained from FactSet Research Systems, MSCI, Thomson Reuters, Standard and Poor's, BLS and J.P. Morgan Asset Management and is assumed to be reliable. Past performance is no guarantee of future results.

Global growth prospects are solid through year end, providing support for risk-based assets globally.

- At a 2.33% yield on the U.S. 10-year bond, a higher initial yield combined with a fairly stable U.S. dollar makes the U.S. bond market very attractive to foreign investors.
- European sovereign debt rates continue to be fairly stable, business activity has improved, and European banks have started to recover due to a steepening yield curve. Italy is finally addressing some of their banking problems.
- European inflation is very benign but is getting closer to its targets. Yields have risen this quarter, lifting many European countries out of a negative interest rate environment.
- Chinese economic growth rates have stabilized in 2016, albeit at lower rates than historically. The transition to a consumption-led economy will take time, but is clearly occurring.
- Weak commodity prices have pressured emerging market growth rates and currencies, but are showing signs of improvement over the last year. Uncertainty about U.S. trade policies may slow down the recovery in progress, but initial negotiations appear much better than expected.

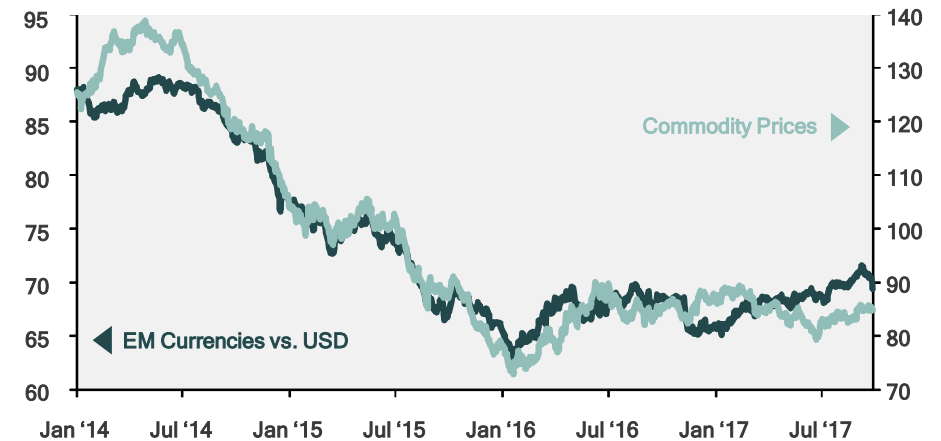
Global GDP Growth and Corporate Profits

Year-Over-Year Growth, Nominal GDP, MSCI AC World Trailing EPS



Emerging Markets

Commodity Prices and FX



Data as of September 30, 2017.

*2017 global GDP data is an IMF forecast.

EM currencies is the J.P. Morgan Emerging Market Currencies Index. Commodity prices is the Bloomberg Commodity Price Index. Data is obtained from FactSet Research Systems, IMF, MSCI, Bloomberg, J.P. Morgan Global Economic Research and J.P. Morgan Asset Management and is assumed to be reliable. Past performance is no guarantee of future results.

Potential Economic Risks:

- How will the long end of the bond market continue to react to the Fed's desire to raise short-term rates once more and unwind the balance sheet in 2017 and into 2018?
- Significant increases in energy prices and wage gains could lead to a surge in the inflation outlook.
- A hard landing in China could slow global GDP materially. Although receding, it is still a risk due to debt levels.
- Does the European Central Bank pull back prematurely on QE as Europe is recovering?
- Global deflation, not inflation, continues to be principal risk, but inflation expectations are finally rising somewhat, although still short of targets.
- Continued uncertainty surrounding global trade, travel and immigration policy in the U.S.

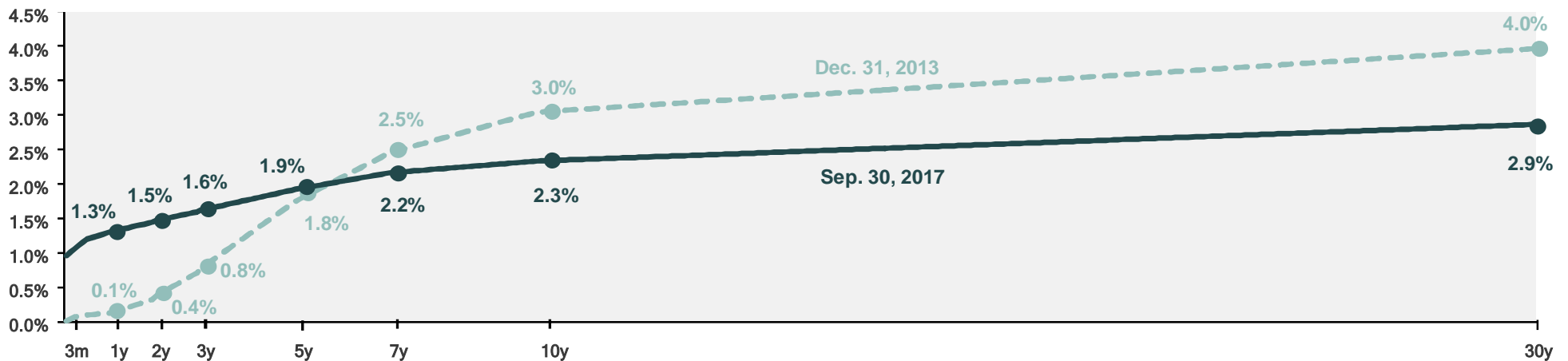
Price of Oil

Brent Crude, Nominal Prices, USD/Barrel



Yield Curve

U.S. Treasury Yield Curve



Data as of September 30, 2017.

Brent crude prices are monthly averages in USD using global spot ICE prices. Data is obtained from FactSet Research Systems and J.P. Morgan Asset Management and is assumed to be reliable. Past performance is no guarantee of future results.

We continue to believe that the risk/reward ratio for equities over the long term is favorable on an absolute basis and particularly relative to fixed income.

- As consumer confidence stays strong, there is potential for P/E ratios to improve slightly. Retail investors still are not fully engaged.
- Equity valuations remain reasonable by historic measures, both at absolute levels but particularly relative to interest rates.
- Foreign markets are finally supporting U.S. EPS growth rates.
- With favorable corporate cash flow, investors are being rewarded with increased share buybacks, dividends and occasional acquisitions.
- Corporate profit margins are still being maintained at very high levels even in an overall slower growth environment.
- In the modest growth economy and maturing economic cycle we foresee, we believe high-quality businesses with protected markets are a better place to invest than lower quality companies operating in more competitive markets.
- Investors should expect more modest equity returns going forward (6% to 8% range over time) based on the maturity of this economy and business cycle. Volatility has been very low since the election and we are overdue for some type of correction, but the longer term outlook is still favorable.

S&P 500® Index: Forward P/E Ratio



Valuation Measure	Description	Latest	25-year avg.*	Std. dev. Over-/under-valued
P/E	Forward P/E	17.7x	16.0x	0.5
CAPE	Shiller's P/E	30.7	26.3	0.7
Div. Yield	Dividend Yield	2.1%	2.0%	-0.1
P/B	Price to book	2.9	2.9	0.1
P/CF	Price to cash flow	12.4	10.7	0.9
EY Spread	EY minus Baa yield	1.3%	-0.3%	-0.8

Data as of September 30, 2017.

*P/CF is a 20-year average due to cash flow data availability.

Price to earnings is price divided by consensus analyst estimates of earnings per share for the next 12 months as provided by IBES since December 1989, and FactSet for September 30, 2017. Average P/E and standard deviations are calculated using 25 years of FactSet history. Shiller's P/E uses trailing 10-years of inflation-adjusted earnings as reported by companies. Dividend yield is calculated as the next 12-month consensus dividend divided by most recent price. Price to book ratio is the price divided by book value per share. Price to cash flow is price divided by NTM cash flow. EY minus Baa yield is the forward earnings yield (consensus analyst estimates of EPS over the next 12 months divided by price) minus the Moody's Baa seasoned corporate bond yield. Std. dev. over-/under-valued is calculated using the average and standard deviation over 25 years for each measure. Data is obtained from FactSet Research Systems, FRB, Thomas Reuters, Robert Shiller, Standard and Poor's and J.P. Morgan Asset Management and is assumed to be reliable. Past performance is no guarantee of future results.

- **Portfolio Data**
- **Disclosure**

Sector Weights

Mid Cap Core Portfolio

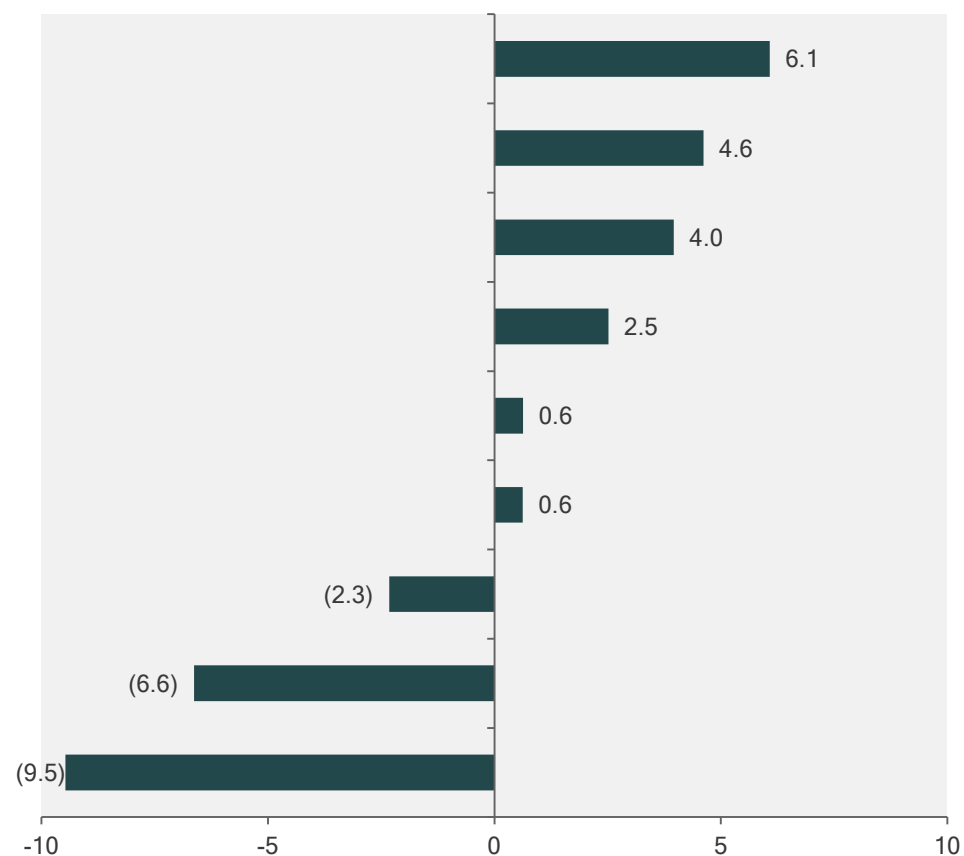
As of September 30, 2017



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Sectors	KAR Mid Cap Core (%)	Russell Midcap® Index (%)
Health Care	15.5	9.5
Technology	16.5	11.9
Consumer Staples	7.8	3.9
Producer Durables	15.5	13.0
Materials & Processing	7.7	7.1
Consumer Discretionary	15.6	15.0
Energy	3.5	5.8
Utilities	—	6.6
Financial Services	17.7	27.2

Underweight/Overweight (%)



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Conviction-Driven Investing Provides Opportunities for Excess Return

Mid Cap Core Portfolio
As of September 30, 2017



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Top 10 Holdings	Russell Sector	% of Portfolio
Monster Beverage	Consumer Staples	5.9
AMETEK	Producer Durables	5.7
Globus Medical	Health Care	5.1
WABCO Holdings	Consumer Discretionary	5.0
Tractor Supply Company	Consumer Discretionary	4.9
Amphenol	Technology	4.7
Zoetis	Health Care	4.5
Aspen Technology	Technology	4.3
Skyworks Solutions	Technology	4.2
Graco	Producer Durables	4.1
Total		48.4

Research confidence leads to large active weights

	KAR Mid Cap Core	Russell Midcap® Index
# of Holdings	28	783
Average Position Size (%)	3.6	0.1
Weight of Top Ten Holdings (%)	48.4	4.4
Active Share (%)	96.2	—

The strategy benefits from diversification while still taking significant active positions

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Strong Risk-Adjusted Returns

Mid Cap Core Portfolio

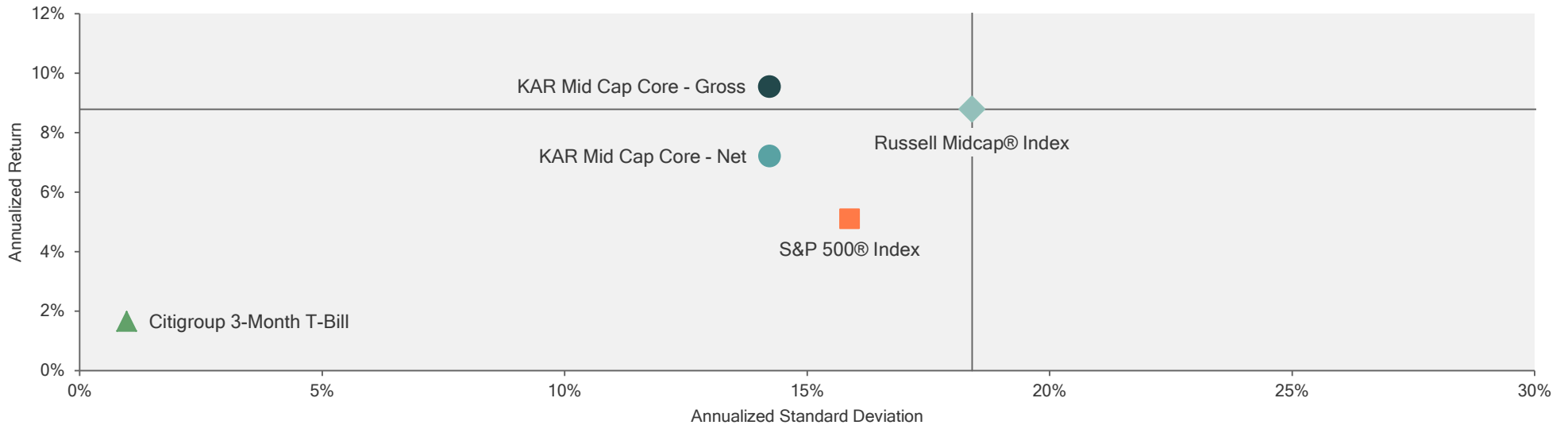
Inception* to September 30, 2017



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Meaningful Excess Return with Lower Volatility

Annualized Since Inception*



Strong Risk-Adjusted Performance Metrics

Annualized Since Inception*

	Alpha	Sharpe Ratio	Standard Deviation	Semi-Standard Deviation	Beta	Tracking Error
KAR Mid Cap Core	2.50	0.56	14.22	11.30	0.71	7.66
Russell Midcap Index	0.00	0.39	18.40	14.20	1.00	0.00

*January 1, 2000

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Returns

Mid Cap Core Portfolio



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Investment Management

Annualized Performance

Periods Ending 9/30/17	Gross (%)	Net (%)	Index (%)	Excess Return (bps)
Third Quarter	5.07	4.29	3.47	159
Year to Date	15.86	13.32	11.74	412
1 Year	19.27	15.79	15.32	395
3 Years	14.22	11.76	9.54	469
5 Years	16.03	14.01	14.26	177
7 Years	15.81	13.92	13.80	202
10 Years	9.60	7.75	8.08	152
Since Inception*	9.55	7.21	8.79	77

Calendar Year Performance

Periods Ending 12/31	Gross (%)	Net (%)	Index (%)	Excess Return (bps)
2016	12.24	8.95	13.80	(156)
2015	3.87	2.73	(2.44)	631
2014	17.88	16.68	13.22	466
2013	28.48	27.15	34.76	(629)
2012	16.27	14.45	17.28	(101)
2011	4.29	2.95	(1.55)	584
2010	19.46	17.99	25.48	(602)
2009	21.47	19.16	40.48	(1901)
2008	(28.78)	(30.29)	(41.46)	1268
2007	6.19	4.20	5.60	59
2006	13.10	10.91	15.26	(217)
2005	8.79	5.56	12.65	(386)
2004	15.29	11.86	20.22	(493)
2003	26.67	23.03	40.06	(1339)
2002	(12.62)	(15.26)	(16.19)	357
2001	(2.76)	(5.59)	(5.62)	286
2000	21.54	17.94	8.25	1329

*January 1, 2000

This material is deemed supplemental and complements the performance and disclosure at the end of this presentation.

Returns for the Kayne Anderson Rudnick composite are preliminary. All periods less than one year are total returns and are not annualized. 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. Numbers may not always add up due to rounding. Past performance is no guarantee of future results.

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.

Disclosure

Mid Cap Core Portfolio



Kayne Anderson Rudnick
Investment Management

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)	0.00
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 and Russell 1000® Index are trademarks/service marks of Frank Russell Company. Russell® is a trademark of Frank Russell Company.