Kayne Anderson Rudnick
Investment Management

# Mid Cap Core Portfolio
# Managed Accounts
## Fourth Quarter 2022 Review

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# Firm Overview
## As of December 31, 2022

Kayne Anderson Rudnick
Investment Management

### Profile

- Originally established to manage founder capital
- 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 | $47.5 billion* |
| Number of Equity Investment Professionals | 18 |
| Average Investment Experience | 17 Years |

**Figures in USD.*
*†Please refer to the “Tenets of Quality: Our Quality Business Assessment" slide later in this presentation for KAR's definition of high-quality businesses.*

# Disciplined Investment Approach
## Investment Philosophy & Objectives

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### 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*

**There is no guarantee that the portfolio will meet its objective.*

# Tenets of Quality

## Our Qualitative Business Assessment

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### Competitive Protection

- Brand/Reputation
- Network Effect
- Scale/Cost Advantage
- Benchmarking Standard
- High Customer Switching Costs
- Barriers to Entry/Unique Asset
- Low Obsolescence Risk

### Owner-Oriented Management

- Cultivates Competitive Advantage
- Rational Capital Allocation
- Considers Stakeholder Interests

### HIGH QUALITY BUSINESS

- Protect and Grow Market Share
- High Economic Return on Capital
- Business Returns ➔ Shareholder Returns

# Mid Cap Core Team

| Portfolio Manager/Analysts | Responsibility | Research Experience | Years with KAR |
|---|---|---|---|
| **Douglas S. Foreman, CFA** | Chief Investment Officer | 36 Years | 11 Years |
| **Jon Christensen, CFA** | Portfolio Manager and Senior Research Analyst<br>Sector Coverage: Health Care and Industrials | 27 Years | 21 Years |
| **Craig Stone** | Portfolio Manager and Senior Research Analyst<br>Sector Coverage: Real Estate and Consumer Discretionary | 33 Years | 22 Years |
| **Todd Beiley, CFA** | Senior Research Analyst<br>Sector Coverage: Financials and Information Technology | 23 Years | 20 Years |
| **Julie Biel, CFA** | Senior Research Analyst<br>Sector Coverage: Information Technology and Health Care | 14 Years | 9 Years |
| **Julie Kutasov** | Senior Research Analyst<br>Sector Coverage: Materials, Industrials and Utilities | 21 Years | 21 Years |
| **Chris Wright, CFA** | Senior Research Analyst<br>Sector Coverage: Financials, Information Technology, Energy and Industrials | 10 Years | 10 Years |
| **Sean Dixon** | Research Analyst<br>Sector Coverage: Consumer Discretionary and Industrials | 14 Years | 4 Years |
| **Arthur Su, CFA** | Research Analyst<br>Sector Coverage: Information Technology, Industrials and Consumer Staples | 7 Years | <1 Year |
| **Adam Xiao, CFA** | Research Analyst<br>Sector Coverage: Financials, Communication Services, Consumer Discretionary, Consumer Staples and Information Technology | 9 Years | 4 Years |
| **Jordan Greenhouse** | Managing Director – Senior Client Portfolio Manager | 25 Years† | 6 Years |
| **James B. May, CFA** | Managing Director – Client Portfolio Manager | 34 Years† | 3 Years |
| **Jason Pomatto** | Managing Director – Client Portfolio Manager | 28 Years† | <1 Year |

*†Represents years of industry experience.*

# Market Review
## Performance by Sector and Style

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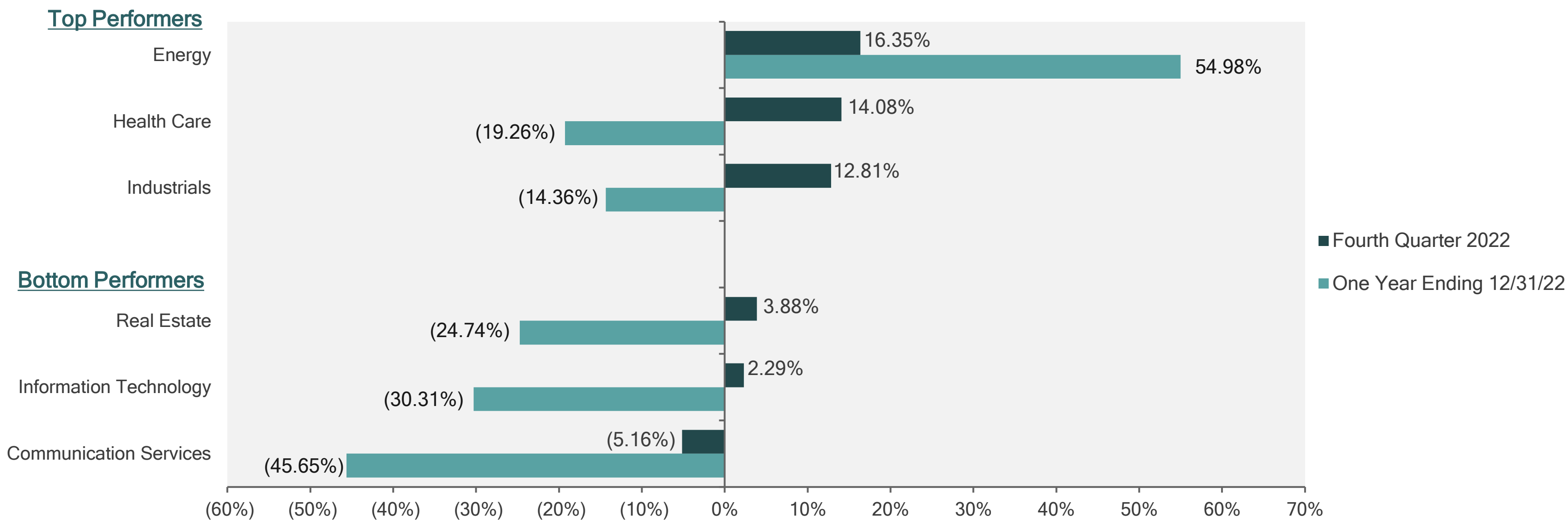
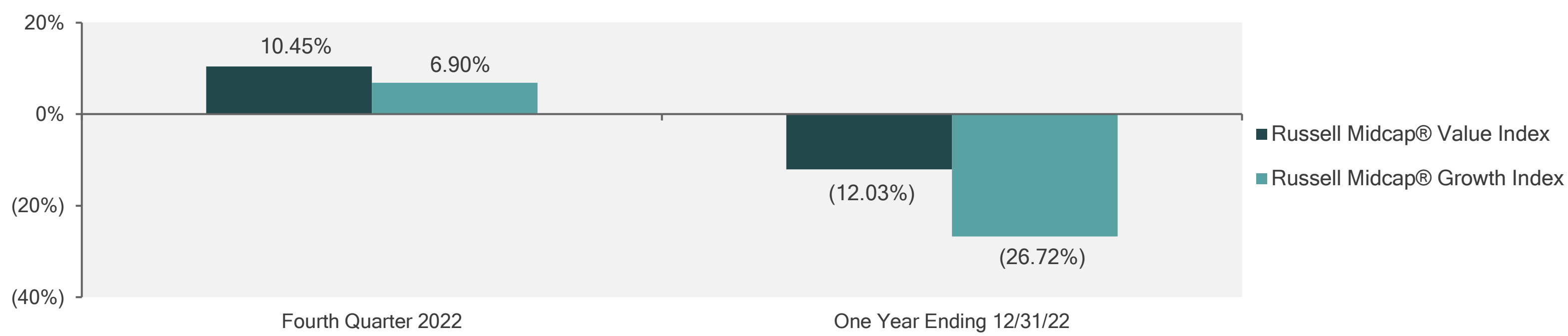
### Sector Performance
Russell Midcap® Index




### Performance by Style
Russell Midcap® Value Index vs. Russell Midcap® Growth Index

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*Data is obtained from FactSet Research Systems and is assumed to be reliable.* ***Past performance is no guarantee of future results.***

# Market Review

## Performance by Financial Metric

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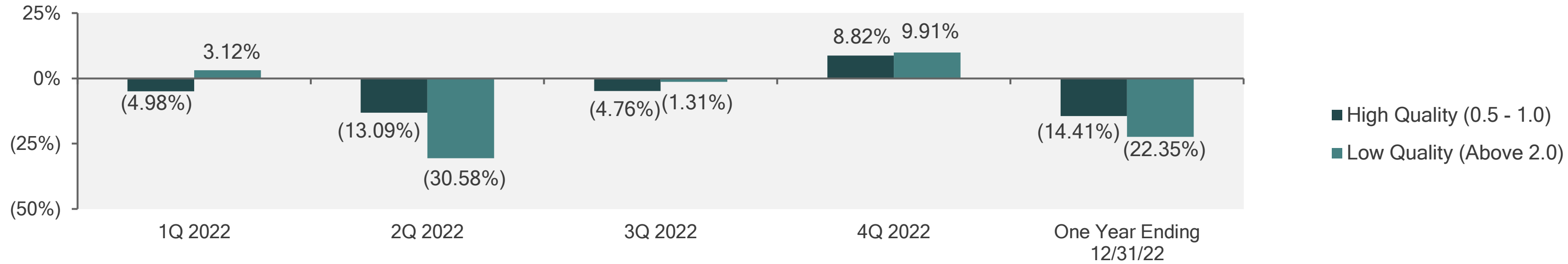
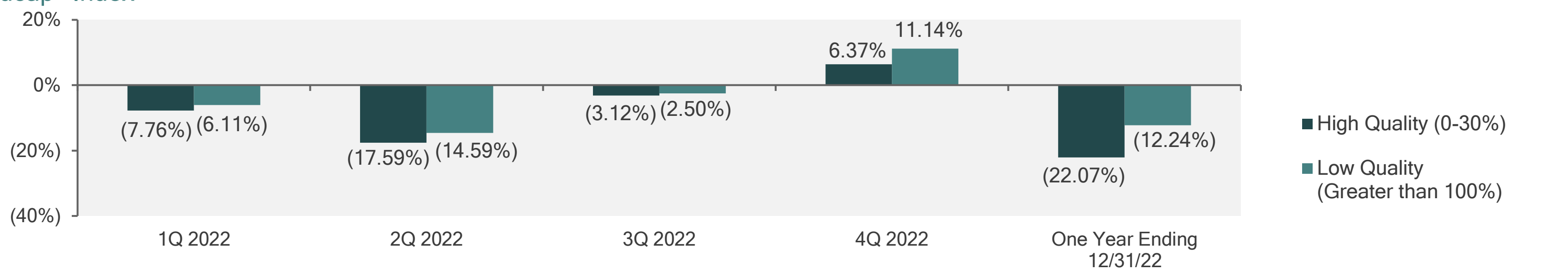
### Performance by Beta

Russell Midcap® Index



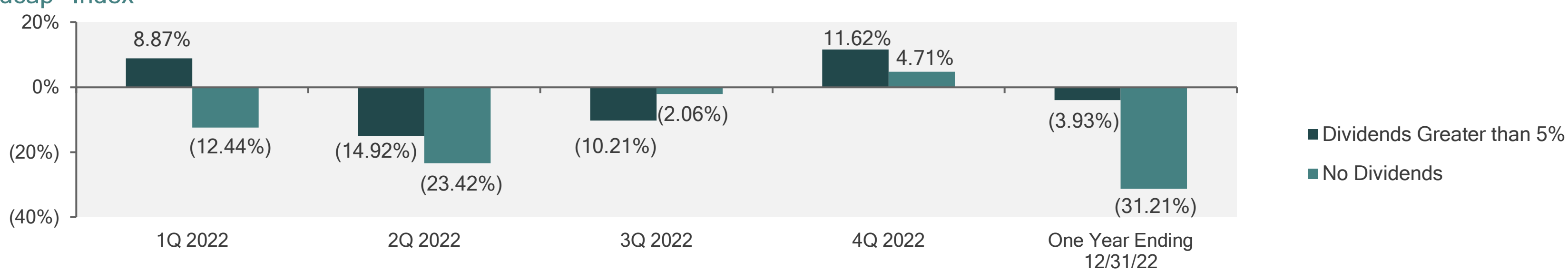

### Performance by Debt/Capital Ratio

Russell Midcap® Index




### Performance by Dividend Yield

Russell Midcap® Index

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# Quarterly Performance Overview

## Mid Cap Core Portfolio
## Periods Ending December 31, 2022

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### Monthly and Quarterly Performance

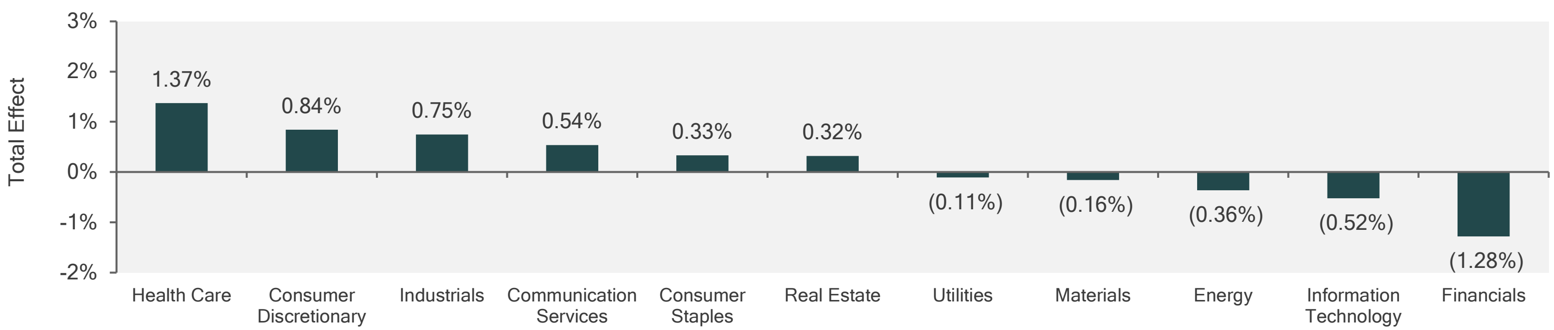
| | Gross (%) | Net (%) | Index (%) | Excess Returns - Net (bps) |
|---|---|---|---|---|
| October | 7.67 | 7.42 | 8.88 | (146) |
| November | 6.62 | 6.37 | 6.01 | 36 |
| December | (4.08) | (4.33) | (5.40) | 107 |
| Fourth Quarter | 10.11 | 9.31 | 9.18 | 13 |

### Annualized Performance

| Periods Ending 12/31/22 | Gross (%) | Net (%) | Index (%) |
|---|---|---|---|
| 1 Year | (19.28) | (21.72) | (17.32) |
| 5 Years | 10.45 | 7.20 | 7.10 |
| 10 Years | 13.90 | 10.56 | 10.96 |

### Attribution by Sector

Quarter Ending December 31, 2022




| | Health Care | Consumer Discretionary | Industrials | Communication Services | Consumer Staples | Real Estate | Utilities | Materials | Energy | Information Technology | Financials | Total Effect |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Russell Midcap® Returns | 14.08% | 12.41% | 12.81% | (5.16%) | 8.97% | 3.88% | 10.91% | 11.81% | 16.35% | 2.29% | 9.35% | 9.18% |
| KAR Returns (Gross) | 20.06% | 23.27% | 12.94% | 0.00% | 15.82% | 3.45% | 0.00% | 0.00% | 0.00% | 0.02% | 1.27% | 10.11% |
| KAR Selection Effect | 1.03% | 0.93% | 0.07% | 0.00% | 0.32% | (0.01%) | 0.00% | 0.00% | 0.00% | (0.46%) | (1.32%) | 0.57% |
| KAR Allocation Effect | 0.35% | (0.09%) | 0.68% | 0.54% | 0.01% | 0.32% | (0.11%) | (0.16%) | (0.36%) | (0.06%) | 0.04% | 1.17% |

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*The attribution data provided herein is based upon a buy and hold methodology and gross returns for a representative portfolio. 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.*** *Returns could be reduced, or losses incurred, due to currency fluctuations.*

# Highest Contributors

## Mid Cap Core Portfolio
## Quarter Ending December 31, 2022

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| Security | Contribution | Comments |
|---|---|---|
| AMETEK | +1.37% | AMETEK's shares were strong in the quarter after reporting financial results that showed the company's ability to pass-through pricing in this difficult, inflationary environment. After weakness earlier in the year, the stock has been strong as investor confidence returns due to solid execution on the supply chain issues, as well as ongoing demand from its end markets. |
| Azenta | +1.29% | In the most recent quarter, Azenta's core business reported strong results, causing shares to perform well. The company saw strong demand and backlog for its automated cold stores, as well as storage services. Its genetic sequencing business is still a work in progress, but management appears to understand some of the challenges and is working to address them. |
| Ross Stores | +1.29% | Ross Stores reported improved comparable store trends and better inventory levels than its prior sequential quarter. Management commented that after a reset, targets for values in stores are at correct levels. The combination of these factors caused the stock to perform well. |
| Globus Medical | +1.16% | Demand for Globus Medical's solutions continues to be robust, most notably abroad. While this is negatively impacted by foreign currency translation, we believe the long-term positioning of Globus in foreign markets should enable it to drive sustainable profitability over the longer term. From our perspective the company is managing cost headwinds, which has preserved profitability. |
| Cooper Companies | +0.80% | Cooper's business remains steady, with growth in its premium vision solutions as well as the non-core fertility and medical device business. Margins have been hurt by changes in currency and higher labor and transport costs. Nonetheless, demand remains robust across the business. |

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# Lowest Contributors

## Mid Cap Core Portfolio
## Quarter Ending December 31, 2022

Kayne Anderson Rudnick
Investment Management

| Security | Contribution | Comments |
|---|---|---|
| Aspen Technology | (0.70%) | Aspen's merger with another software business closed in May 2022, which made the comparability of reported financials this quarter to previous quarters challenging. The main takeaways from the current quarter were that despite the uncertain macro environment, demand from clients remains strong and merger business has already helped Aspen source deals in new industry verticals. Management reiterated their guidance for the current fiscal year and touted the company's increased scale, and access to new geographies and verticals. Despite these positives, the share price came under pressure in December as markets became more challenging and concerns rose about a highly anticipated recession in 2023. |
| First Financial Bankshares | (0.44%) | In the most recent quarter, First Financial reported strong loan growth and credit metrics. However, the share price came under pressure due to an expensive valuation and a contraction in book value driven by mark-to-market adjustments in the bank's fixed income portfolio. |
| Monolithic Power Systems | (0.27%) | In the most recent quarter, Monolithic Power Systems lowered expectations on softening end market dynamics as the broader semiconductor industry undergoes an inventory correction. Combined with poor sentiment in technology stocks, we saw a favorable entry point and initiated a position in the quarter. |
| Broadridge Financial Solutions | (0.24%) | In the most recent quarter, Broadridge Financial Solutions reported healthy organic revenue growth, but saw profits decline due to lower event driven revenues combined with infrastructure investments. The decline in profits caused shares to underperform. |
| West Pharmaceutical Services | (0.21%) | West Pharmaceutical continues to report strong demand for its core products that has been offset by continued declines in COVID related revenue. The drops have been more substantial than investors had predicted, most likely because the steep increases were less well understood. That said, execution and profitability remain strong and the company has had design wins in 2023 that we believe bolster growth for the company. |

# Annual Performance Overview

## Mid Cap Core Portfolio
## Periods Ending December 31, 2022

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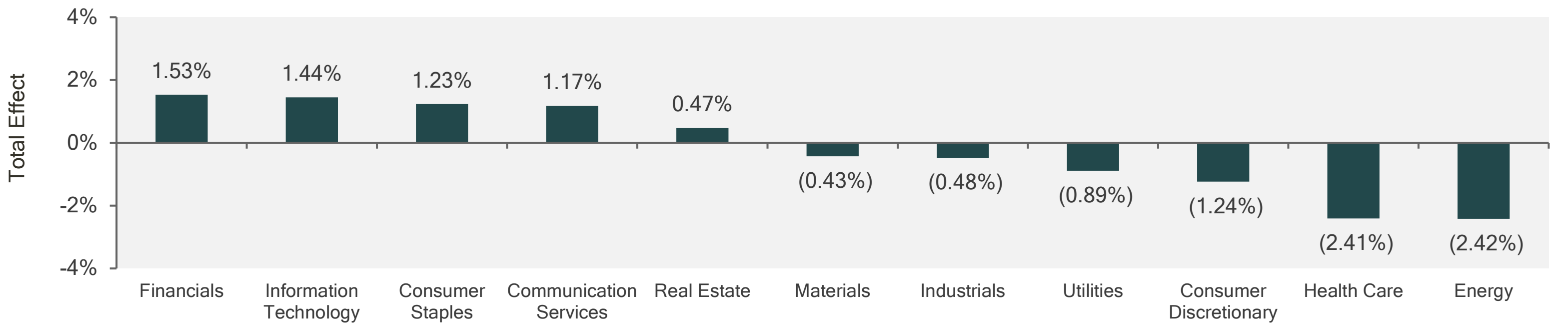
### Quarterly and Annual Performance

| | Gross (%) | Net (%) | Index (%) | Excess Returns - Net (bps) |
|---|---|---|---|---|
| First Quarter 2022 | (11.52) | (12.21) | (5.68) | (653) |
| Second Quarter 2022 | (14.44) | (15.11) | (16.85) | 174 |
| Third Quarter 2022 | (3.16) | (3.90) | (3.44) | (46) |
| Fourth Quarter 2022 | 10.11 | 9.31 | 9.18 | 13 |
| 1 Year Ending 12/31/22 | (19.28) | (21.72) | (17.32) | (440) |

### Annualized Performance

| Periods Ending 12/31/22 | Gross (%) | Net (%) | Index (%) |
|---|---|---|---|
| 1 Year | (19.28) | (21.72) | (17.32) |
| 5 Years | 10.45 | 7.20 | 7.10 |
| 10 Years | 13.90 | 10.56 | 10.96 |

### Attribution by Sector
One Year Ending December 31, 2022




| | Financials | Information Technology | Consumer Staples | Communication Services | Real Estate | Materials | Industrials | Utilities | Consumer Discretionary | Health Care | Energy | Total Effect |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Russell Midcap® Returns | (12.76%) | (30.31%) | (1.00%) | (45.65%) | (24.74%) | (9.32%) | (14.36%) | 2.61% | (25.24%) | (19.26%) | 54.98% | (17.32%) |
| KAR Returns (Gross) | (3.54%) | (21.86%) | 42.92% | 0.00% | (24.51%) | 0.00% | (17.38%) | 0.00% | (36.83%) | (31.06%) | 0.00% | (19.28%) |
| KAR Selection Effect | 1.34% | 1.24% | 1.26% | 0.00% | 0.01% | 0.00% | (1.00%) | 0.00% | (1.42%) | (2.19%) | 0.00% | (0.77%) |
| KAR Allocation Effect | 0.19% | 0.20% | (0.03%) | 1.17% | 0.46% | (0.43%) | 0.53% | (0.89%) | 0.18% | (0.22%) | (2.42%) | (1.26%) |

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# Highest Contributors

## Mid Cap Core Portfolio
## One Year Ending December 31, 2022

Kayne Anderson Rudnick Investment Management

| Security | Contribution | Comments |
|---|---|---|
| Lamb Weston | +1.56% | Over the last twelve months, we believe Lamb Weston has done a good job raising prices to mitigate rising supply chain and inflationary costs, which has driven a recovery in profitability. Furthermore, the rotation from growth to defensive businesses has benefited the consumer staples sector. |
| LPL Financial Holdings | +1.01% | Over the trailing 12 months, LPL Financial reported consistent advisor growth. Combined with the rise in Federal interest rates, company profits increased and the stock appreciated. |
| W. R. Berkley | +0.96% | Underwriting profits have been healthy at W.R. Berkley despite catastrophe losses suffered from Hurricane Ian. The outlook is favorable too as specialty Property & Casualty markets should continue hardening amid capital scarcity and ongoing commercial demand. |
| Aspen Technology* | +0.44% | Over the past year, Aspen Technology reported sustained improvement in operating results following a slowdown brought on by the pandemic. In addition, a previously announced merger closed in May. We believe the transaction outlook is positive given Aspen's strong track record of being able to optimize a software business for profitability and rationale growth. |
| Aspen Technology* | +0.43% | Over the past year, Aspen Technology reported sustained improvement in operating results following a slowdown brought on by the pandemic. In addition, a previously announced merger closed in May. We believe the transaction outlook is positive given Aspen's strong track record of being able to optimize a software business for profitability and rationale growth. |

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**Aspen Technology merged with a spinoff of two businesses from Emerson Electric Co. to form a new entity also called Aspen Technology. Aspen Technology appears twice as a Top Contributor as the first line item represents the old entity and the second line item represents the newly formed entity. Our data provider is keeping the entities distinct in their system which accounts for the dual reporting this quarter.*

# Lowest Contributors

## Mid Cap Core Portfolio
## One Year Ending December 31, 2022

Kayne Anderson Rudnick
Investment Management

| Security | Contribution | Comments |
|---|---|---|
| Zebra Technologies | (2.70%) | Over the past twelve months, Zebra faced increasing supply chain costs, which lowered profitability expectations. More recently, the company suffered from poor execution around a distribution center transition that impacted revenue growth meanwhile noting softening pockets of demand. Combined with a general rotation out of technology stocks, shares came under pressure during the year. |
| West Pharmaceutical | (2.59%) | West Pharmaceutical benefited from COVID-related revenue and the subsequent decline in that business has impacted financial results and investor sentiment. The core business remains strong, with regular design wins and a strong backlog of new, high-value applications coming to market. We believe the company's competitive position remains stable and the company is managing through cost and foreign exchange challenges. |
| Latham Group | (2.39%) | Latham Group and the pool industry have faced higher input cost (resin) and supply chain issues for most of the past year.  This has led to its own supply disruptions, higher manufacturing costs, and delays in order fulfillment.  While resin supply and costs issues have slowed and abated, with the prospect of a recession looming, anything that is related to housing spend or high-ticket priced consumer durable items are facing sharp declines. |
| Azenta | (2.07%) | As a result of Azenta being newly separated from its semiconductor solutions business, profitability has been lower to absorb some of the combined costs. The business also is facing challenging year-over-year comparisons as a result of COVID-related revenue being lower this year. Shut-downs in China due to its zero-Covid policy also negatively impacted the company's Life Sciences market. |
| SiteOne Landscape Supply | (1.54%) | SiteOne reported positive organic sales growth and higher quarterly earnings-per-share comparisons but investors nonetheless  soured on housing-related stocks. The general concern over the probability of a recession has hurt the performance of consumer discretionary stocks.  Coupled with pandemic benefits slowing, the stock has underperformed.  However, longer-term, with nearly 65% of its business tied to maintenance or repair and remodel, we believe the company should see muted declines in revenues even during a recession. |

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# Purchases

## Mid Cap Core Portfolio
## Quarter Ending December 31, 2022

Kayne Anderson Rudnick Investment Management

| Purchases | Descriptions/Reasons |
|---|---|
| Monolithic Power–Initiated Position | Monolithic Power is a fabless analog and mixed signal semiconductor company that designs, develops, and markets high-performance power electronics solutions for the computing and storage, automotive, industrial, communications, and consumer end markets. The company primarily offers DC-to-DC semiconductors used for the conversion and control of voltages, which is essential across all electronic systems. |
| West Pharmaceutical Services–Increased Position | West Pharmaceutical's stock performance has been hurt as the company shifts COVID capacity growth to more high-value products which have longer-term higher growth and margins. We believe these issues are not structural in nature. With weakness in the shares, we increased our position. |

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# New Position

## Mid Cap Core Portfolio
## Quarter Ending December 31, 2022

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### Monolithic Power (MPWR)

- Monolithic Power is the largest pureplay power semiconductor company primarily focused on applications where its products have differentiation in functionality and performance and are cost competitive. Other larger analog/mixed signal competitors maintain a broad catalog of other semiconductor products that all compete for internal research and development budgets and are incentivized to serve high-volume market needs at the expense of faster innovation. Contrarily, Monolithic Power dedicates all its R&D resources on its power management technology roadmap, which we believe has led to superior products versus those of competitors. In our view this has created a strong customer value proposition with solutions that are highly integrated, smaller in size, more energy efficient, more accurate, programmable, and cost competitive.
- Due to high levels of integration and low cost relative to the entire bill of materials for an electronic system, Monolithic Power's products have meaningful switching costs, particularly given that the average end product life cycle is six-to-eight years. Monolithic Power has deep system-level knowledge and works closely with its customers to design systems integrated with its technology. To replace Monolithic Power, customers would need to undergo a complete system redesign that will likely increase component count, form factor, and energy consumption on top of qualifying a new vendor for production, all of which would result in higher costs and time spent to replace a small portion of an end product's overall cost.
- The company has proprietary BCD process technologies that are foundational to the success of its smaller, highly integrated power management integrated circuits. Monolithic Power has made BCD transistor technology the core of its roadmap. Compared to digital chips, analog and mixed signal chips are much more difficult to design and are highly proprietary. It can take years for analog engineers to understand the intricacies of chip design. Combined with the general shortage of analog talent, we believe it would be difficult to find or allocate resources to directly replicate Monolithic Power's process technologies.

# Sales

## Mid Cap Core Portfolio
## Quarter Ending December 31, 2022

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| Sales | Reasons |
|---|---|
| LPL Financial Holdings–Trimmed Position | The shares of LPL Financial performed strongly since our initial purchase, especially as the market faltered and interest rates became elevated improving prospects for clients' cash reserves. We trimmed our position given the lofty expectations for the business. We continue to admire the scalability of the business and believe it should continue to prosper. |
| W.R. Berkley–Trimmed Position | W. R. Berkley's shares performed strongly supported by the company's solid premium growth and underwriting profitability expansion. While we view the company's premium valuation as justified by its solid underwriting and capital allocation discipline, with the stock trading at the high end of its historic valuation range, we trimmed our position. |

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# Portfolio Characteristics

## Mid Cap Core Portfolio
## As of December 31, 2022

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| | KAR Mid Cap Core | Russell Midcap® Index |
|---|---|---|
| **Quality** | | |
| Return on Equity–Past 5 Years | 22.2% | 16.8% |
| Total Debt/EBITDA* | 1.5 x | 2.3 x |
| Earnings Variability–Past 10 Years | 34.8% | 60.7% |
| **Growth** | | |
| Earnings Per Share Growth–Past 5 Years | 16.8% | 13.2% |
| Earnings Per Share Growth–Past 10 Years | 14.8% | 10.9% |
| Dividend Per Share Growth–Past 5 Years | 10.9% | 7.2% |
| Dividend Per Share Growth–Past 10 Years | 8.9% | 8.6% |
| Capital Generation–{ROE x (1-Payout)} | 15.5% | 12.0% |
| **Value** | | |
| P/E Ratio–Trailing 12 Months | 30.4 x | 21.3 x |
| Dividend Yield | 0.8% | 1.7% |
| Free Cash Flow Yield† | 1.5% | 3.6% |
| **Market Characteristics** | | |
| $ Weighted Average Market Cap–3-Year Average | $15.6 B | $20.4 B |
| Largest Market Cap–3-Year Average | $46.6 B | $60.3 B |
| Annualized Standard Deviation–Since Inception‡ (Net of Fees) | 15.9% | 19.7% |

In a market of average businesses, we seek to 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 seek to own companies producing self-funded strong, consistent growth sustainable into the future.

**KAR utilizes the interquartile method when calculating TD/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.*

*†Free cash flow data is as of September 30, 2022. Prices are as of December 31, 2022. Excludes financials.*

*‡January 1, 2000*

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*Data is obtained from FactSet Research Systems and BNY Mellon and is assumed to be reliable. The statistics presented above are based on a representative portfolio. Actual results may vary. 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.*

# Market Commentary
## U.S. Economy

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**We believe the economy will continue to slow in 2023. Hawkish monetary policy in response to unacceptable levels of inflation is slowing economic growth already and threatens to engineer a hard landing in 2023.**

- We believe corporate profit growth will moderate in 2023 but will remain slightly positive. However, recession risks, due to rising inflation, are growing and threatening earnings per share growth over the next year. We believe recession concerns have started to become the dominant investor concern replacing inflation.
- Inflation concerns started to moderate since June 2022. Continued improvement in the inflation outlook should give the Federal Reserve more flexibility in monetary policy in the future. We believe the Fed is attempting to fight inflation without pushing the economy into a severe recession.
- Monetary policy is already slowing sectors, such as autos, housing, raw materials, used car prices, and even rents now.
- Short-term interest rate increases and slowing GDP and corporate profits could lead to continued volatility in 2023.

**Figure 1: Contributors to Headline Inflation**
Contribution to Y/Y % Change in CPI, Non Seasonally Adjusted

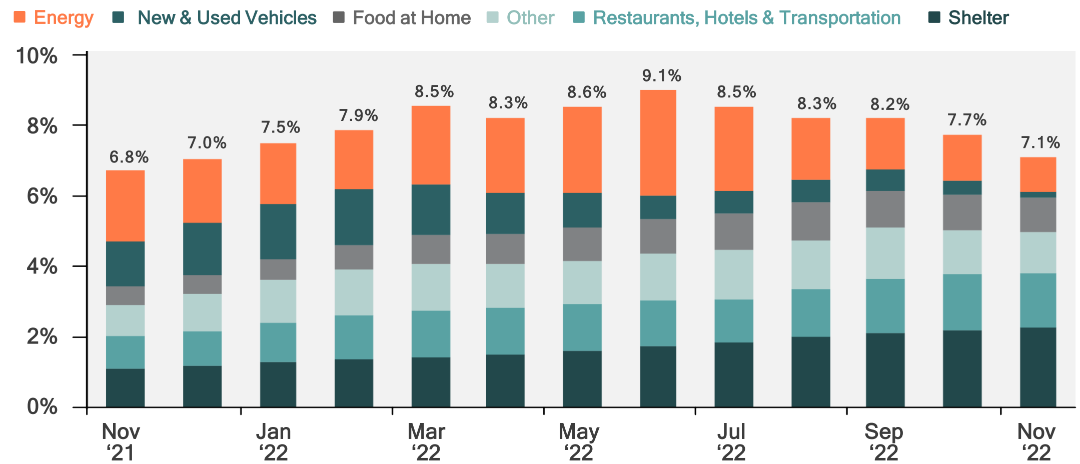
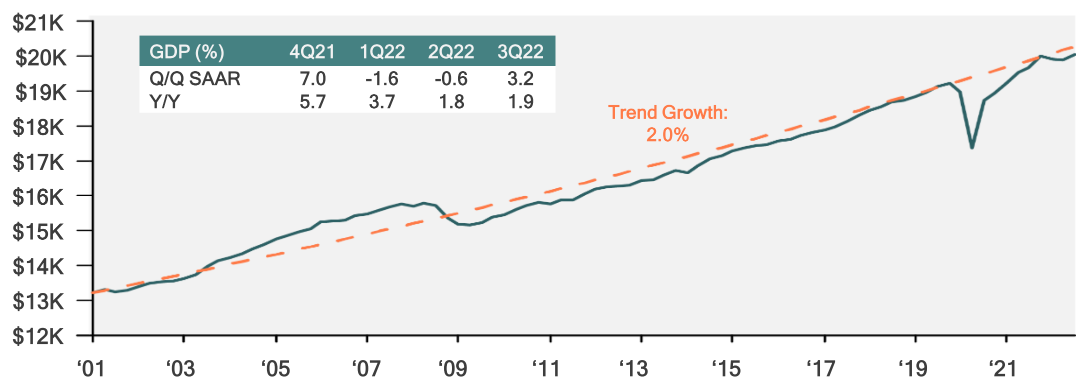



**Figure 2: Real GDP**
Billions of Chained (2012) Dollars, Seasonally Adjusted at Annual Rates




*Data as of December 31, 2022. Figure 1 data is obtained from Compustat, FactSet, Standard & Poor's and J.P. Morgan Asset Management and is assumed to be reliable. Figure 2 data is obtained from BEA, FactSet and J.P. Morgan Asset Management and is assumed to be reliable. Contributions mirror the BLS methodology on Table 7 of the CPI report. Values may not sum to headline CPI figures due to rounding and underlying calculations. "Shelter" includes owner's equivalent rent and rent of primary residence. "Other" primarily reflects household furnishings, apparel, education and communication services, medical care services and other personal services. Values may not sum to 100% due to rounding. Trend growth is measured as the average annual growth rate from business cycle peak 1Q01 to business cycle peak 4Q19.* ***Past performance is no guarantee of future results.***

**The global economy is still significantly slowing as well due to interest rate increases by many central banks.**

- Global inflation expectations have risen along with the U.S., particularly in Asia where numerous city and country shutdowns have continued to contribute to the supply/demand shortfall globally. Supply chain issues finally appear to be improving.
- The U.S. has continued to produce significant returns for over a decade now; however, if the technology sector decline continues, diversification and foreign markets may do relatively better because of a lack of technology exposure in many of the international developed indices.
- Emerging markets struggled in 2022 with the prospect of rising interest rates and continued COVID-19 variants causing economic disruptions. China's regulatory crackdown was a clear negative for many Chinese technology and educational companies. China is struggling to grow now, but policies are starting to shift back to fostering recovery.
- The invasion of Ukraine has negative implications for European economic growth. The longer the conflict lasts, the more likely Europe will slip into a deeper recession.

**Figure 3: Global PMI Input and Output Prices***

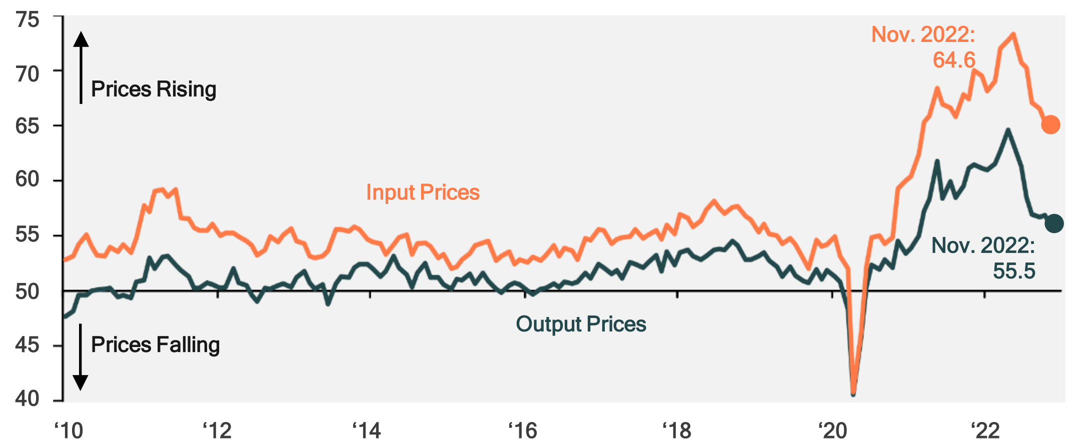
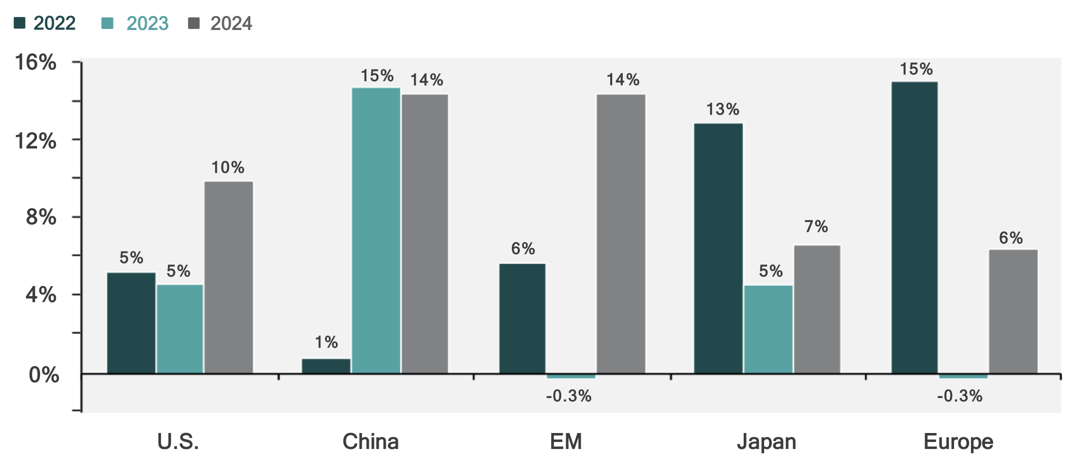



**Figure 4: Global Earnings Growth**
Calendar Year Consensus Estimates




*Data as of December 31, 2022. Figure 3 data is obtained from Standard & Poor's and J.P. Morgan Asset Management and is assumed to be reliable. Figure 4 data is obtained from FactSet, MSCI, Standard & Poor's, Thomson Reuters and J.P. Morgan Asset Management and is assumed to be reliable. *Participants are asked: "Are input/output prices the same, higher or lower?". Values shown reflect the composite index, which includes both manufacturing and services. A reading of 50 = no change, >50 = price increase, <50= price decrease. Calendar year consensus estimates are based on pro-forma earnings. MSCI Europe includes the eurozone as well as countries not in the currency bloc, such as Norway, Sweden, Switzerland and the UK (which collectively make up 44% of the overall index).* ***Past performance is no guarantee of future results.***

# Market Commentary

**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.**

- Monetary policy should continue to slow the economy into 2023. However, slower growth and/or a recession may not be as deep as the market currently fears.
- Equity valuations are about normal by historic measures on absolute levels. We think earnings are likely to continue to improve from here on a multi-year basis, albeit at a slower rate.
- Geopolitical events have caused a more uncertain outlook for global growth, including the U.S.
- Corporate profit margins are declining due to high input costs, transportation bottlenecks, and supply constraints although these factors are moderating now.
- In our view, the biggest risk is the Fed overshoots rate increases and slows the economy more than expected and we enter a deeper than anticipated recession over the next 12-to-24 months.
- We believe high-quality businesses with protected markets are a better place to invest than lower quality companies operating in more competitive markets over the long term.
- Long-term interest rates need to at least plateau for equities to stage a substantial turnaround.

Figure 5: Global Valuations
Current and 25-Year Next 12 Months Price-to-Earnings Ratio

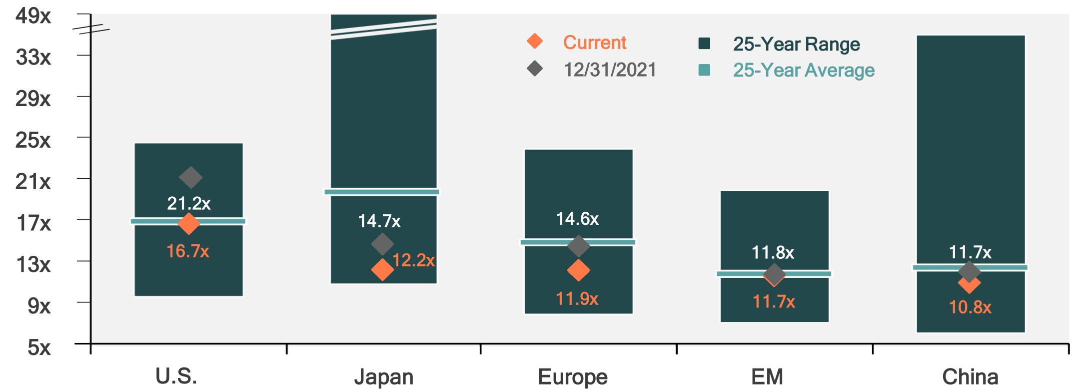
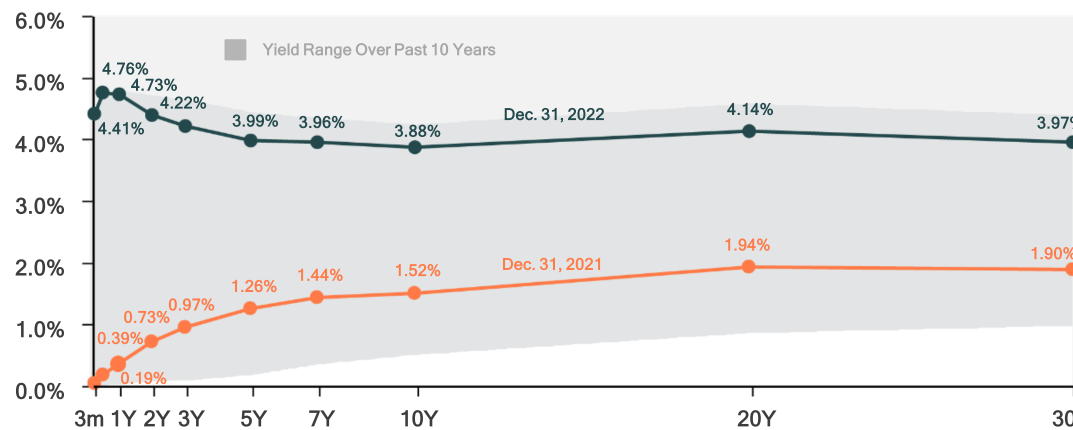



Figure 6: Yield Curve
U.S. Treasury Yield Curve




*Data as of December 31, 2022. Figure 5 data is obtained from FactSet, MSCI, Standard & Poor's, Thomson Reuters and J.P. Morgan Asset Management and is assumed to be reliable. Figure 6 data is obtained from FactSet, Federal Reserve and J.P. Morgan Asset Management and is assumed to be reliable. MSCI Europe includes the eurozone as well as countries not in the currency bloc, such as Norway, Sweden, Switzerland and the UK (which collectively make up 44% of the overall index).* ***Past performance is no guarantee of future results.***

# Appendix

Kayne Anderson Rudnick
Investment Management

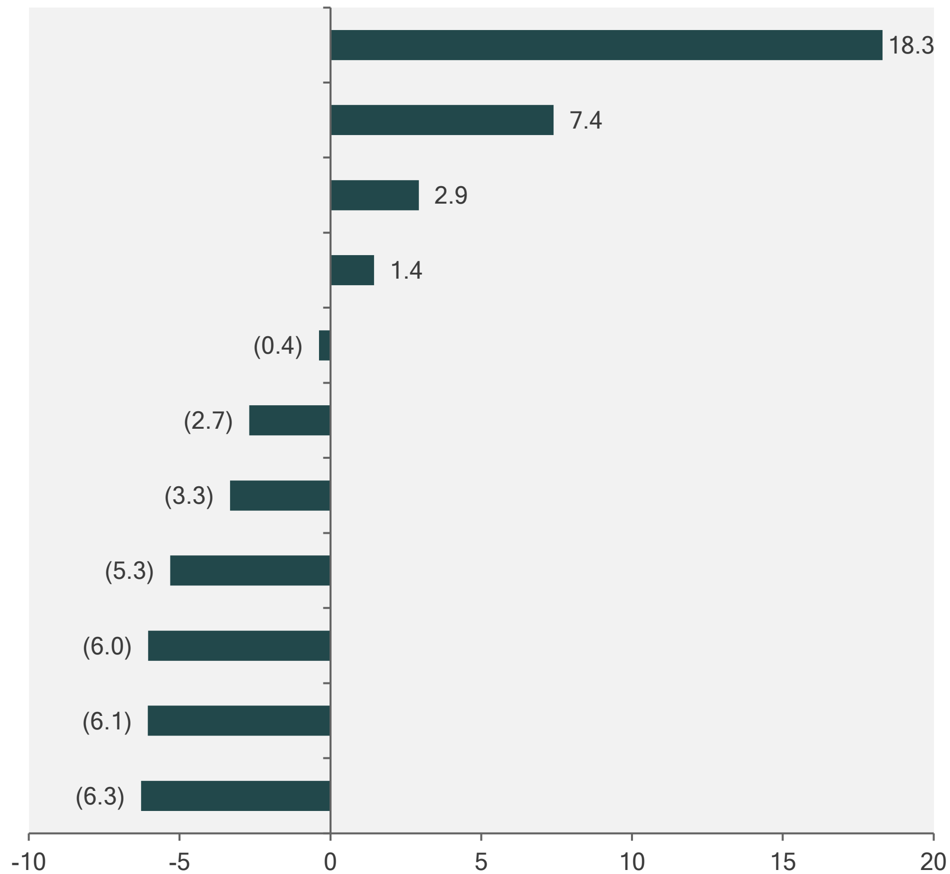
- **Portfolio Data**
- **Disclosure**

# Sector Weights

## Mid Cap Core Portfolio
## As of December 31, 2022

| Sectors | KAR Mid Cap Core (%) | Russell Midcap® Index (%) |
|---|---|---|
| Industrials | 34.1 | 15.7 |
| Health Care | 18.4 | 11.0 |
| Information Technology | 18.0 | 15.0 |
| Consumer Staples | 5.2 | 3.7 |
| Financials | 13.7 | 14.1 |
| Consumer Discretionary | 9.2 | 11.9 |
| Communication Services | – | 3.3 |
| Energy | – | 5.3 |
| Real Estate | 1.6 | 7.6 |
| Utilities | – | 6.1 |
| Materials | – | 6.3 |

Underweight/Overweight (%)




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

*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 from FactSet Research Systems and is assumed to be reliable. Numbers may not always add up due to rounding.*

# Top Ten Holdings
## Mid Cap Core Portfolio
## As of December 31, 2022

Kayne Anderson Rudnick
Investment Management

| Top 10 Holdings | GICS Sector | % of Portfolio |
|---|---|---|
| AMETEK | Industrials | 6.3 |
| Globus Medical | Health Care | 5.5 |
| Lamb Weston | Consumer Staples | 5.2 |
| Azenta | Health Care | 4.8 |
| Ross Stores | Consumer Discretionary | 4.4 |
| West Pharmaceutical Services | Health Care | 4.4 |
| Aspen Technology | Information Technology | 4.4 |
| Exponent | Industrials | 4.3 |
| Nordson | Industrials | 4.2 |
| Dolby Laboratories | Information Technology | 4.0 |
| **Total** | | **47.3** |

Research confidence leads to large active weights

| | KAR Mid Cap Core | Russell Midcap® Index |
|---|---|---|
| # of Holdings | 29 | 818 |
| Average Position Size (%) | 3.4 | 0.1 |
| Weight of Top Ten Holdings (%) | 47.3 | 4.9 |
| Active Share (%) | 96.0 | – |

The strategy benefits from diversification while still taking significant active positions

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# Returns

## Mid Cap Core Portfolio

Kayne Anderson Rudnick
Investment Management

### Annualized Performance

| Periods Ending 12/31/22 | Gross (%) | Net (%) | Index (%) | Excess Return - Net (bps) |
|---|---|---|---|---|
| Fourth Quarter | 10.11 | 9.31 | 9.18 | 13 |
| 1 Year | (19.28) | (21.72) | (17.32) | (440) |
| 3 Years | 8.58 | 5.38 | 5.88 | (50) |
| 5 Years | 10.45 | 7.20 | 7.10 | 10 |
| 7 Years | 12.88 | 9.57 | 9.61 | (3) |
| 10 Years | 13.90 | 10.56 | 10.96 | (40) |
| Since Inception* | 10.06 | 6.83 | 8.60 | (176) |

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

*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 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****: Local, regional, or global events such as war, acts of terrorism, the speed of infectious illness 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 manager(s) to invest the portfolio's assets as intended.*

### Calendar Year Performance

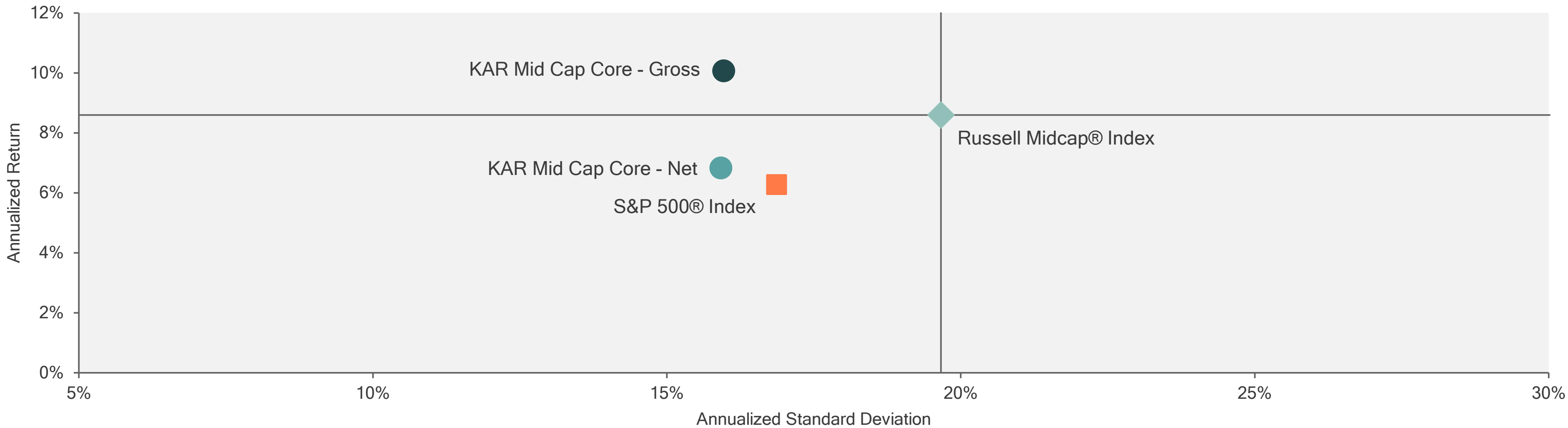
| Periods Ending 12/31 | Gross (%) | Net (%) | Index (%) | Excess Return - Net (bps) |
|---|---|---|---|---|
| 2022 | (19.28) | (21.72) | (17.32) | (440) |
| 2021 | 25.64 | 21.99 | 22.58 | (60) |
| 2020 | 26.22 | 22.55 | 17.10 | 544 |
| 2019 | 32.71 | 28.87 | 30.54 | (167) |
| 2018 | (3.24) | (6.11) | (9.06) | 295 |
| 2017 | 26.60 | 22.92 | 18.52 | 441 |
| 2016 | 12.24 | 8.95 | 13.80 | (485) |
| 2015 | 3.87 | 0.80 | (2.44) | 324 |
| 2014 | 17.88 | 14.43 | 13.22 | 122 |
| 2013 | 28.48 | 24.75 | 34.76 | (1,001) |
| 2012 | 16.27 | 12.87 | 17.28 | (441) |
| 2011 | 4.29 | 1.21 | (1.55) | 276 |
| 2010 | 19.46 | 15.97 | 25.48 | (950) |
| 2009 | 21.47 | 18.02 | 40.48 | (2,246) |
| 2008 | (28.78) | (31.08) | (41.46) | 1,038 |
| 2007 | 6.19 | 3.09 | 5.60 | (251) |
| 2006 | 13.10 | 9.84 | 15.26 | (542) |
| 2005 | 8.79 | 5.63 | 12.65 | (702) |
| 2004 | 15.29 | 11.99 | 20.22 | (823) |
| 2003 | 26.67 | 23.11 | 40.06 | (1,695) |
| 2002 | (12.62) | (15.31) | (16.19) | 88 |
| 2001 | (2.76) | (5.68) | (5.62) | (6) |
| 2000 | 21.54 | 18.10 | 8.25 | 985 |

# Risk-Return Analysis

## Mid Cap Core Portfolio
## Inception* to December 31, 2022

Kayne Anderson Rudnick
Investment Management

**Meaningful Excess Return with Lower Volatility**
Annualized Since Inception*




**Performance Statistics**
Annualized Since Inception*

| | Alpha (%) | Sharpe Ratio | Standard Deviation (%) | Semi-Standard Deviation (%) | Beta | Tracking Error |
|---|---|---|---|---|---|---|
| **KAR Mid Cap Core - Gross** | **2.79** | **0.54** | **15.97** | **12.50** | **0.76** | **7.22** |
| **KAR Mid Cap Core - Net** | **-0.26** | **0.33** | **15.92** | **12.46** | **0.76** | **7.22** |
| Russell Midcap® Index | 0.00 | 0.36 | 19.66 | 15.18 | 1.00 | 0.00 |

**January 1, 2000*

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

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# Disclosure

## Mid Cap Core Portfolio

Kayne Anderson Rudnick
Investment Management

| Year | Composite Pure Gross Return* (%) | Composite Net Return (%) | Russell Midcap® Index Return (%) | Composite 3-Yr Std Dev (%) | Benchmark 3-Yr Std Dev (%) | Number of Accounts | Internal Dispersion (%) | Composite Assets ($ Millions) | Firm Assets ($ Millions) |
|---|---|---|---|---|---|---|---|---|---|
| 2012 | 16.27 | 12.87 | 17.28 | 15.34 | 17.44 | 7 | 0.16 | 34 | 6,545 |
| 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 |

**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.*

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, 2021.

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, 2021. 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.