



Kayne Anderson Rudnick
Investment Management

A VIRTUS INVESTMENT PARTNER

Mid Cap Core Portfolio
Managed Accounts
Fourth Quarter 2023 Review

[kayne.com](https://www.kayne.com)

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Firm Overview

As of December 31, 2023

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	\$59.6 billion*
Number of Equity Investment Professionals	21
Average Investment Experience	16 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.*



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



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Portfolio Manager/Analysts	Responsibility	Research Start Date	KAR Start Date
Jon Christensen, CFA	Portfolio Manager and Senior Research Analyst Sector Coverage: Health Care and Industrials	1995	2001
Craig Stone	Portfolio Manager and Senior Research Analyst Sector Coverage: Real Estate and Consumer Discretionary	1990	2000
Todd Bailey, CFA	Senior Research Analyst Sector Coverage: Financials (Insurance Industry)	1999	2002
Julie Biel, CFA	Senior Research Analyst Sector Coverage: Information Technology and Health Care	2004	2013
Julie Kutasov	Senior Research Analyst Sector Coverage: Materials, Industrials and Utilities	2001	2001
Chris Wright, CFA	Senior Research Analyst Sector Coverage: Financials, Information Technology, Energy and Industrials	2012	2012
Adam Xiao, CFA	Senior Research Analyst Sector Coverage: Financials, Communication Services, Consumer Discretionary and Information Technology	2013	2018
Sean Dixon	Research Analyst Sector Coverage: Consumer Discretionary and Industrials	2008	2018
Luke Longinotti	ESG Research Analyst	2020	2023
Arthur Su, CFA	Research Analyst Sector Coverage: Information Technology, Industrials and Consumer Staples	2015	2022
Clarissa Ali	Associate Research Analyst	2023	2018
Client Services	Responsibility	Industry Start Date	KAR Start Date
Jason Pomatto	Managing Director - Senior Client Portfolio Manager	1994	2021
Ben Falcone, CFA	Managing Director - Client Portfolio Manager	1996	2023
James May, CFA	Managing Director - Client Portfolio Manager	1989	2019
Ben Corser	Portfolio Specialist	2006	2018

Market Review

Performance by Sector and Style

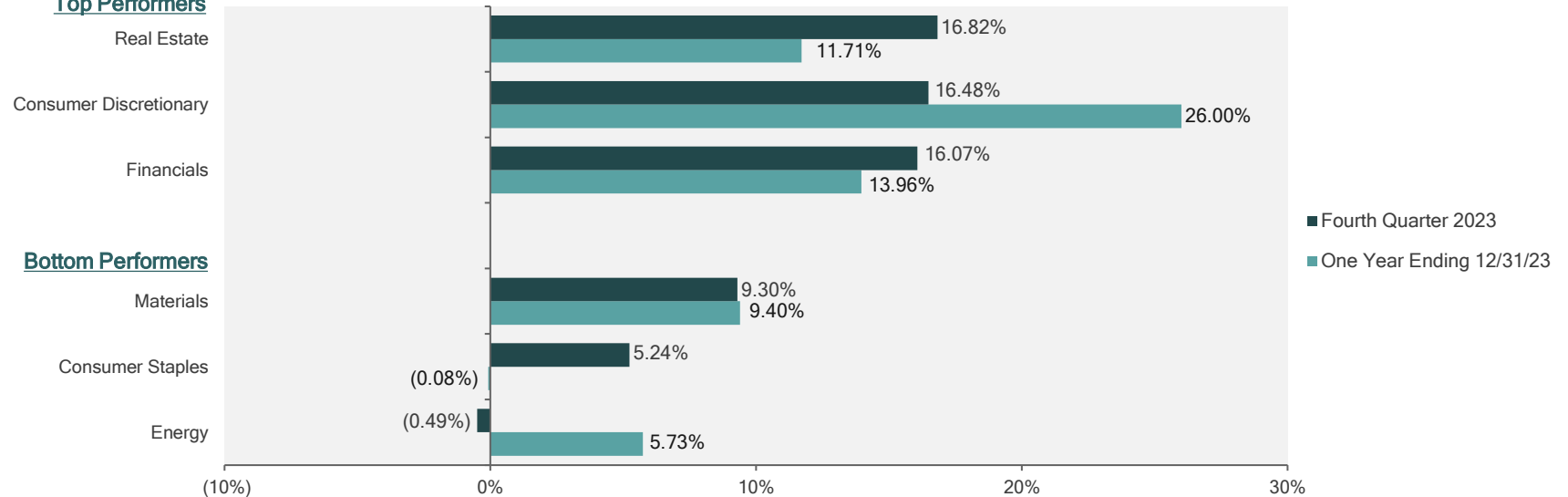


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Sector Performance

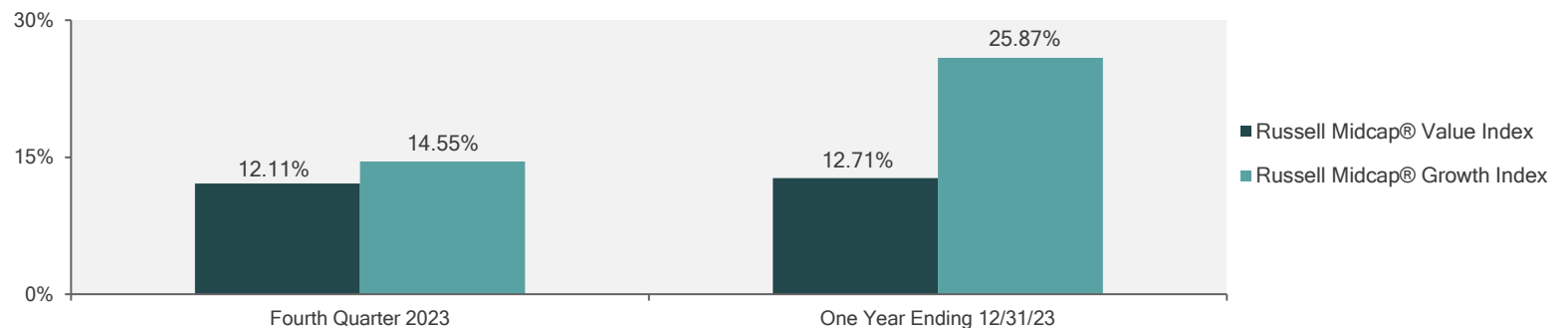
Russell Midcap® Index

Top Performers



Performance by Style

Russell Midcap® Value Index vs. Russell Midcap® Growth Index



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 is assumed to be reliable. Past performance is no guarantee of future results.

Market Review

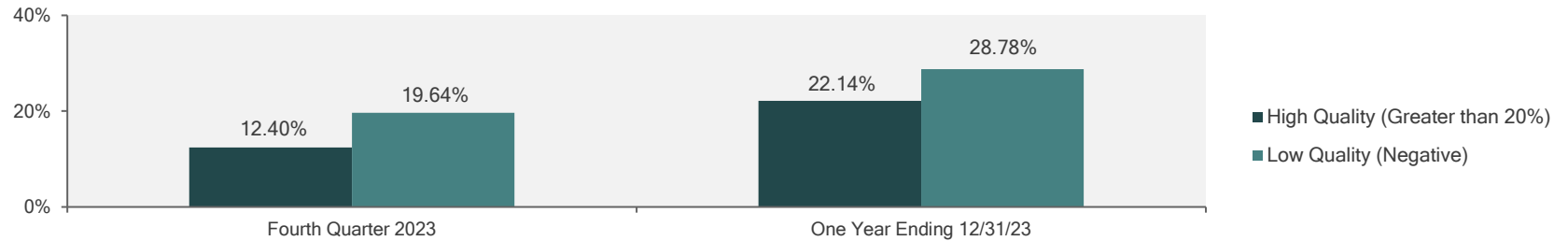
Performance by Financial Metric



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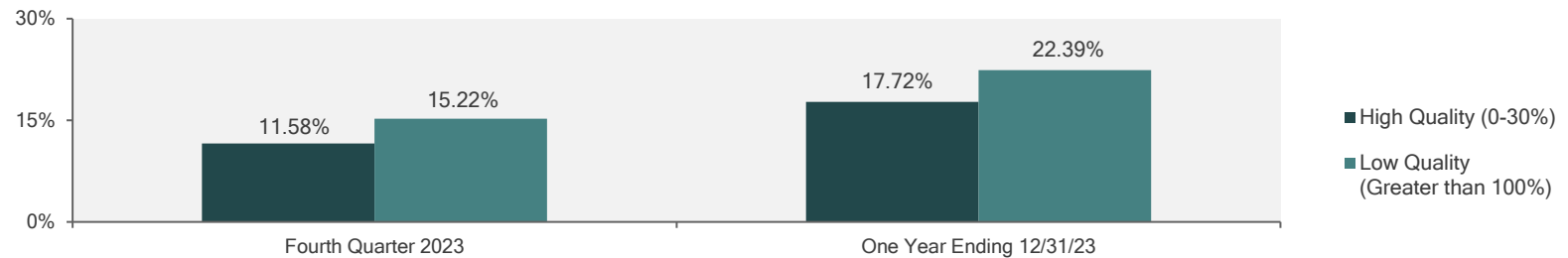
Performance by Return on Equity

Russell Midcap® Index



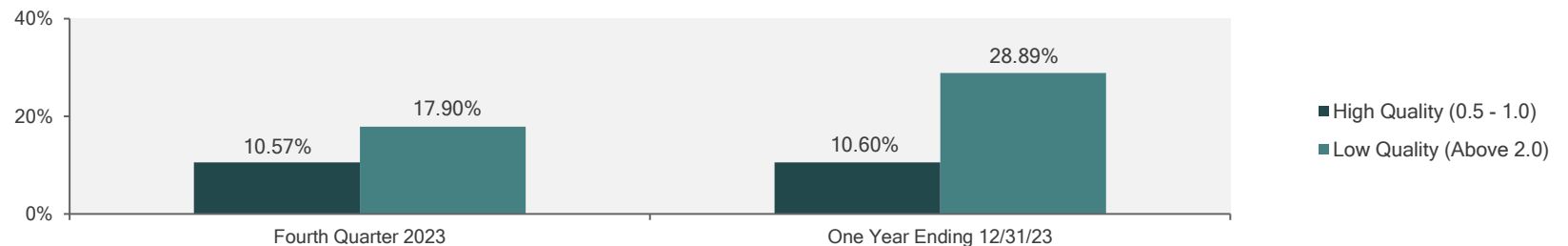
Performance by Debt/Capital Ratio

Russell Midcap® Index



Performance by Beta

Russell Midcap® Index



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Quarterly Performance Overview

Mid Cap Core Portfolio

Periods Ending December 31, 2023



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Monthly and Quarterly Performance

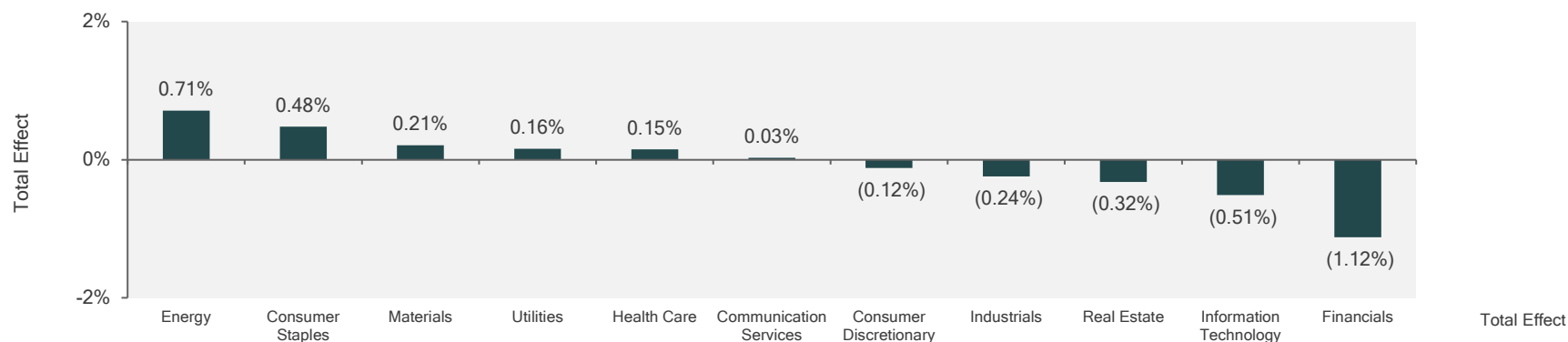
	Gross (%)	Net (%)	Index (%)	Excess Returns - Net (bps)
October	(5.69)	(5.94)	(4.99)	(95)
November	9.81	9.56	10.23	(67)
December	8.09	7.84	7.73	11
Fourth Quarter	11.94	11.13	12.82	(169)

Annualized Performance

Periods Ending 12/31/23	Gross (%)	Net (%)	Index (%)
1 Year	23.79	20.18	17.23
5 Years	16.04	12.64	12.68
10 Years	13.48	10.15	9.42

Attribution by Sector

Quarter Ending December 31, 2023



KAR Selection Effect	0.00%	0.55%	0.00%	0.00%	0.18%	0.00%	(0.17%)	(0.35%)	0.01%	(0.59%)	(1.20%)	(1.57%)
KAR Allocation Effect	0.71%	(0.07%)	0.21%	0.16%	(0.03%)	0.03%	0.05%	0.11%	(0.32%)	0.07%	0.08%	0.99%

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Highest Contributors

Mid Cap Core Portfolio

Quarter Ending December 31, 2023



Kayne Anderson Rudnick
Investment Management

Security	Contribution	Comments
Monolithic Power Systems	+1.47%	Monolithic Power Systems' shares outperformed in the quarter as the company saw strong sequential growth in its enterprise data business given its high share of power management attached to robust sales of Nvidia's H100 graphic processing units, which have been in high demand due to heavy investments in AI. While other markets such as industrial, communications, and consumer were notably weaker, we believe the strength in other end markets has provided attractive counter-balancing revenue streams in a volatile semiconductor environment.
Azenta	+1.09%	Azenta reported quarterly results that built on last quarter's successes, with better-than-expected growth from a newly acquired company, as well as more normalized patterns in its life sciences instruments business. Its large, automated stores continue to enjoy strong demand, but the overall biotech environment appears to be normalizing, which we believe should support earnings growth going forward.
Ross Stores	+0.95%	The company reported a quarter of comparable store sales and improvement in operating margin, with management believing customers are responding to the value the company is succeeding at merchandising at its stores. The company also bought back stock during the quarter. We believe this combination of factors caused shares to outperform.
Equifax	+0.86%	Equifax's shares outperformed due to market optimism that interest rates have peaked as the Federal Reserve paused rate hikes in the beginning of November. Of the U.S. credit bureaus, Equifax has greater exposure to the mortgage markets which have been severely depressed due to the high interest rate environment, so the signaling of rate cuts drove a strong rally in shares through the quarter.
Cooper Companies	+0.83%	Cooper Companies reported another quarter of strong topline demand boosted by its premium new contact lens offering. It has invested to boost capacity to meet the strong uptake in new contact lens fittings, but this has pressured profitability a bit. Its office business showed strength in fertility, but its paraguard business was weaker due to price increases. We believe the competitive landscape in both businesses appears stable.

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Lowest Contributors

Mid Cap Core Portfolio

Quarter Ending December 31, 2023



Kayne Anderson Rudnick
Investment Management

Security	Contribution	Comments
West Pharmaceutical Services	(0.43%)	West Pharmaceutical Services reported solid third quarter revenue, one of the last quarters where year-over-year comparisons are weaker thanks to unusually high COVID demand. That said, investors may have been hoping for even stronger topline growth given West's exposure to GLP-1 drug delivery devices. The premium market continues to be strong, whereas some of the less advanced drug delivery mechanisms are soft post-COVID.
Zebra Technologies	(0.38%)	Zebra Technologies' shares underperformed despite a broader recovery in technology stocks as market participants grapple with demand uncertainty after several years of large buildouts in retail, e-commerce, and logistics. While distributor destocking has been moderating, demand recovery ultimately hinges on an improving goods economy which has been subdued as consumers allocate more spending towards services.
LPL Financial Holdings	(0.12%)	LPL Financial reported a quarter of organic asset growth driven by market share gains, while profit margins were down due to seasonality and expense recognition timing. The company earns a significant portion of its profit from net interest earned on client operational cash balances, and the expectation of lower interest rates negatively influenced expectations for the company's future profit trajectory. This caused shares to underperform.
Equity LifeStyle Properties	(0.05%)	The current elevated interest rate environment has pressured Equity Lifestyle Properties' shares. We sold the company in the quarter. We believe the quality of the portfolio is enhanced by reinvesting the proceeds into another name in the portfolio.
Old Dominion Freight Line	(0.04%)	Old Dominion Freight Line shares had been a strong performer for much of the year resulting in a full valuation. As a result, the stock did not participate in the market rally at the end of Q4. The company continued to report solid operating results in a tough trucking environment and the bankruptcy of a competitor should translate into additional business opportunities going forward.

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Annual Performance Overview

Mid Cap Core Portfolio

Periods Ending December 31, 2023



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Quarterly and Annual Performance

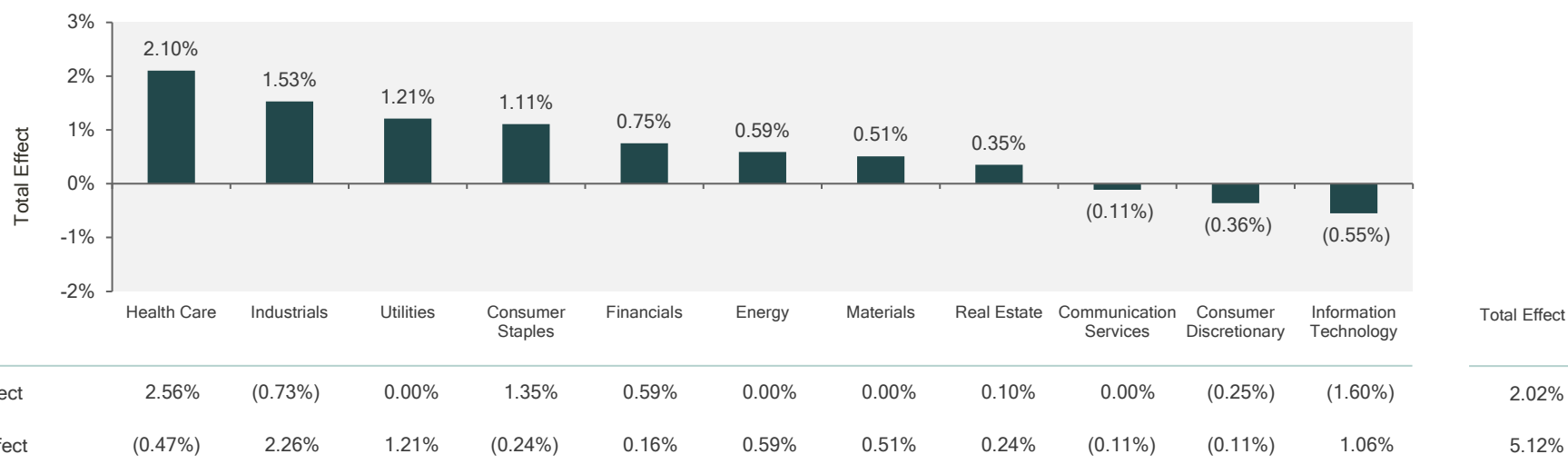
	Gross (%)	Net (%)	Index (%)	Excess Returns - Net (bps)
First Quarter 2023	6.97	6.19	4.06	213
Second Quarter 2023	6.47	5.69	4.76	93
Third Quarter 2023	(2.90)	(3.64)	(4.68)	105
Fourth Quarter 2023	11.94	11.13	12.82	(169)
1 Year Ending 12/31/23	23.79	20.18	17.23	296

Annualized Performance

Periods Ending 12/31/23	Gross (%)	Net (%)	Index (%)
1 Year	23.79	20.18	17.23
5 Years	16.04	12.64	12.68
10 Years	13.48	10.15	9.42

Attribution by Sector

One Year Ending December 31, 2023



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Highest Contributors

Mid Cap Core Portfolio

One Year Ending December 31, 2023



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Security	Contribution	Comments
Monolithic Power Systems	+2.63%	Monolithic Power Systems' shares have been volatile, but outperformed towards the end of the year due to strong sequential growth in its enterprise data business as the company benefited from its high attach rate for power management of Nvidia's H100 graphic processing units, which have been in high demand due to heavy investment in AI. While markets such as industrial, communications, and consumer were notably weaker across the year, we believe the strength in other end markets has provided attractive counter-balancing revenue streams in a volatile semiconductor environment.
West Pharmaceutical Services	+2.57%	West Pharmaceutical experienced solid results in 2023, which we believe were propelled by its strong product differentiation. The pipeline of new design wins remains robust as well, setting the company up for what we believe may be sustained growth over the medium term. The company also benefitted from the recent growth of GLP-1 class drugs.
Lennox International	+2.24%	Lennox International's shares outperformed due to solid execution in reinvigorating its commercial HVAC business which saw notable improvements in growth and profitability over the past several quarters, mitigating some of the weakness in residential HVAC. We also believe that improving financial performance has driven investor optimism around the overall business strategy under new leadership.
Broadridge Financial Solutions	+1.66%	The company reported several quarters of recurring revenue growth driven by increase in equity & fund positions held by investors aiding growth in its investor communications business, as well as client wins for its technology solutions business. This, combined with growth in profit margin from operating leverage, caused shares to outperform for the trailing twelve-month period.
Bentley Systems	+1.57%	Bentley generated consistent results in 2023 on both topline and bottomline growth. We believe the company's broad geographic exposure allowed it to weather pockets of idiosyncratic weakness. From our perspective, the company's market leading position in infrastructure software with high switching costs means it is a direct beneficiary of many U.S. and other international government infrastructure programs.

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Lowest Contributors

Mid Cap Core Portfolio

One Year Ending December 31, 2023



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Security	Contribution	Comments
Globus Medical	(0.88%)	In the first quarter of 2023, Globus Medical announced a merger with another company. We viewed the acquisition as being unfavorable based on our own fundamental analysis of the acquired company. We believed the cultures and product portfolio would be very challenging to mesh. As a result, we exited the position following the announcement.
Exponent	(0.66%)	Exponent's shares underperformed primarily due to some pockets of demand weakness around proactive work in consumer electronics, lower technical full-time equivalent utilization on meaningful headcount growth, and higher expenses related to return to office, all of which have resulted in declining profitability and lower earnings growth relative to the prior year.
Zebra Technologies	(0.53%)	Zebra Technologies' demand fundamentals have weakened as customers cut back on spend after a period of strong investment, particularly in the retail, e-commerce, and logistics sectors. The issues were exacerbated by channel destocking by the company's distributors. With demand uncertainty in the goods economy as consumers shift towards services, the unfavorable outlook led to shares underperforming over the last twelve months.
First Financial Bankshares	(0.33%)	The shares of First Financial Bankshares, like other regional banks, were under pressure most of the year due to concerns that rising deposit costs will hurt profitability and the potential for future loan losses in a weakening commercial real estate market.
Aspen Technology	(0.09%)	After several quarters of positive comments from management, Aspen Technology's earnings guidance for the year was cut due to unforeseen issues integrating recently acquired businesses as well as a softening macro environment.

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Purchases

Mid Cap Core Portfolio

Quarter Ending December 31, 2023



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Purchases	Descriptions/Reasons
FactSet Research Systems—Initiated Position	FactSet Research Systems is a global provider of integrated financial information, analytical applications, and services for the investment and corporate communities.
Wabtec—Initiated Position	Wabtec is a worldwide leader in rail technology. It manufactures, modernizes, and services locomotives, equipment, and digital solutions to the freight and transportation rail industries globally. Wabtec was originally founded in 1869.
Cooper Companies—Increased Position	We increased our position in Cooper Companies to reflect the ongoing confidence in the business combined with the relative underperformance of the shares since our last increase a year and a half ago.

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New Position

Mid Cap Core Portfolio

Quarter Ending December 31, 2023



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FactSet Research Systems (FDS)

- FactSet Research Systems' goal is to provide a seamless user experience spanning idea generation, research, portfolio construction, trade execution, performance measurement, risk management, reporting, and portfolio analysis. The company aims to serve the front, middle, and back offices to drive productivity and improve performance. FactSet's flexible, open data and technology solutions can be implemented both across the investment portfolio lifecycle or as standalone components serving different workflows in the organization.
- The company's data and analytics solutions become ingrained in the workflow of its users and this applies to both front-end investment professionals as well as back-end operations and performance reporting staff. Clients are deliberate in deciding who to use as their data and analytics provider because it is disruptive to the organization to switch vendors. As a result, FactSet's client retention rates are consistently above 90%.
- From our perspective, FactSet's long history in servicing the financial services industry with better-than-peer customer support and customization coupled with continuing upgrades to the core workstation have made it a well-known brand in the industry. In our experience, switching costs to an organization can be high so firms are reluctant to choose vendors that lack a strong reputation and long track record.

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New Position

Mid Cap Core Portfolio

Quarter Ending December 31, 2023



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Wabtec (WAB)

- Wabtec recently underwent a transformative acquisition as the company merged with GE Transportation in 2019. The GE Transportation acquisition coupled Wabtec's rail component and digital assets with GE Transportation's installed base of over 23,000 locomotives and GE Transportation's digital assets. The combined entity is a vertically integrated locomotive manufacturing solution, generating world class locomotive productivity with what we believe are leading market share positions for many of the company's core product lines.
- Wabtec is one of two North American scaled freight locomotive manufacturers. In our view, its relative size allows them to attain economies of scale in the development and manufacturing of technology-enabled locomotives, drive enhanced levels of serviceability across their installed base of locomotives, and experience in dealing with industry regulation requirements.
- The company has a reputation for manufacturing, modernizing, and servicing highly engineered locomotives that deliver enhanced safety, improve productivity, and reduce maintenance costs for customers. Customers value the totality of Wabtec's locomotive solution because it allows their operations to operate more efficiently and because the locomotive is viewed as a critical piece of rail infrastructure. We believe the result is that Wabtec has a dominant position in North America with customers who are willing to wed themselves to the Wabtec ecosystem.

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Sales

Mid Cap Core Portfolio

Quarter Ending December 31, 2023



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Sales	Reasons
Equity LifeStyle Properties—Sold Entire Position	The elevated interest rate environment has muted Equity LifeStyle Properties' story so we sold our position to fund the purchase of FactSet Research Systems.
Zebra Technologies—Sold Entire Position	While we admire Zebra Technologies' long-term opportunities and business model, we sold our position to fund the purchase in Wabtec that we believe offers incrementally larger growth opportunities with a comparable valuation.
Verisk Analytics—Trimmed Position	Since our last increase, Verisk Analytics' shares have performed strongly versus a loss for the Russell Mid Cap Index over the same time period. With the shares trading above the historical range, we trimmed our position.

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Portfolio Characteristics

Mid Cap Core Portfolio
As of December 31, 2023



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	KAR Mid Cap Core	Russell Midcap® Index
Quality		
Return on Equity—Past 5 Years	22.7%	15.9%
Debt/EBITDA*	1.5 x	2.3 x
Earnings Variability—Past 10 Years	34.2%	64.0%
Growth		
Earnings Per Share Growth—Past 5 Years	16.7%	12.6%
Earnings Per Share Growth—Past 10 Years	13.0%	11.0%
Dividend Per Share Growth—Past 5 Years	10.7%	7.5%
Dividend Per Share Growth—Past 10 Years	11.1%	7.4%
Capital Generation—{ROE x (1-Payout)}	17.0%	11.3%
Value		
P/E Ratio—Trailing 12 Months	34.4 x	26.5 x
Dividend Yield	0.8%	1.6%
Free Cash Flow Yield†	2.7%	3.9%
Market Characteristics		
\$ Weighted Average Market Cap—3-Year Average	\$16.9 B	\$22.2 B
Largest Market Cap—3-Year Average	\$43.8 B	\$59.9 B
Annualized Standard Deviation—Since Inception‡ (Net of Fees)	15.7%	19.3%

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 Debt/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. Debt/EBITDA utilizes net debt for the calculation.

†Free cash flow data is as of September 30, 2023. Prices are as of December 31, 2023. 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

Inflation and the Yield Curve

- We believe there is a greater likelihood of a soft landing as inflation has declined materially.
- The inverted yield curve and weak Purchasing Managers' Index (PMI) are still headwinds for the U.S. economy. However, strength in employment has surprised to the upside, supporting growth.
- Commentary from the Federal Reserve in the fourth quarter ignited a material rally that pushed the 10-year U.S. Treasury up more than 100 basis points, though we ended the year flat.
- We expect continued progress to lead short-term interest rates to decline and reset the yield curve.

Figure 1: CPI and Core CPI
% Change vs. Prior Year, Seasonally Adjusted

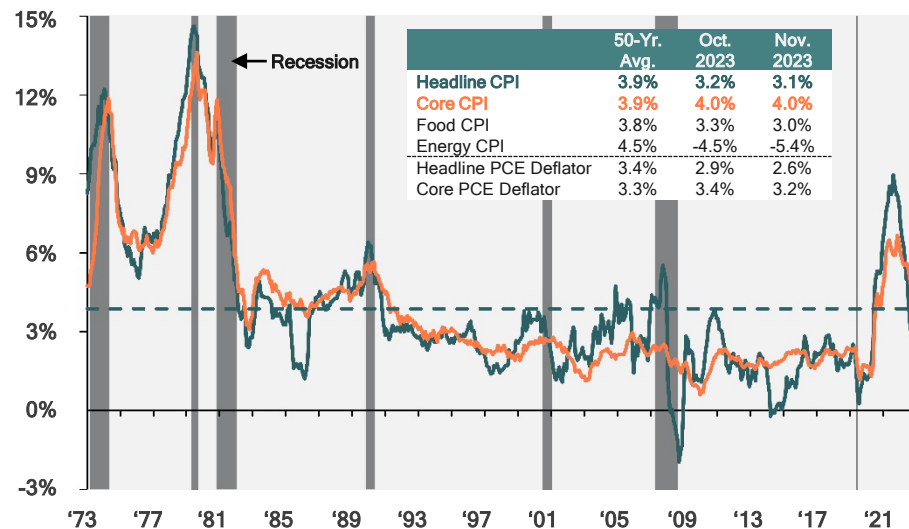
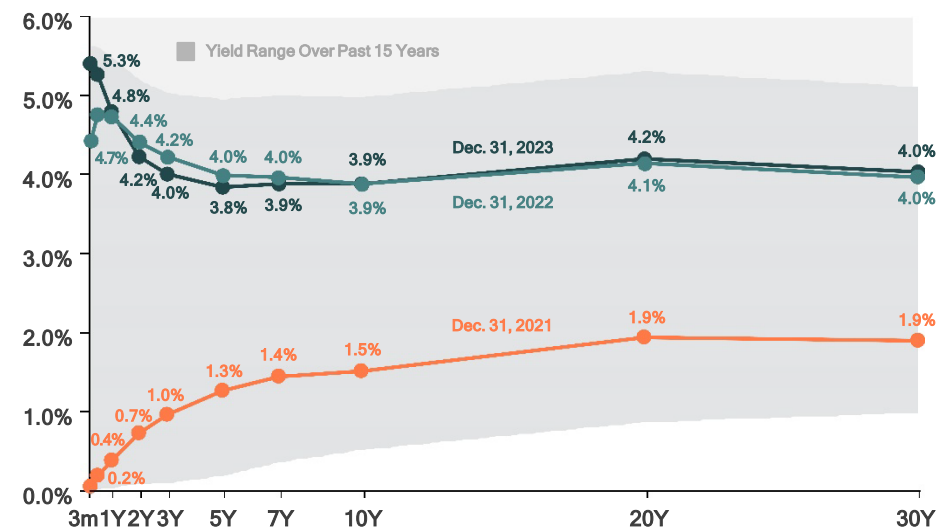


Figure 2: Yield Curve
U.S. Treasury Yield Curve



Data as of December 31, 2023. The Purchasing Managers' Index (PMI) is an index of the prevailing direction of economic trends in the manufacturing and service sectors. Figure 1 data is obtained from BLS, FactSet and J.P. Morgan Asset Management and is assumed to be reliable. CPI used is CPI-U and values shown are % change vs. one year ago. Core CPI is defined as CPI excluding food and energy prices. The Personal Consumption Expenditure (PCE) deflator employs an evolving chain-weighted basket of consumer expenditures instead of the fixed-weight basket used in CPI calculations. Figure 2 data is obtained from FactSet, Federal Reserve and J.P. Morgan Asset Management and is assumed to be reliable. **Past performance is no guarantee of future results.** 19

Market Commentary

Expectations for 2024



Kayne Anderson Rudnick
Investment Management

- We view the outlook for 2024 as mostly positive with outside exogenous factors supporting economic growth.
- As it is an election year, our expectation is that the Administration will continue to find opportunities to support U.S. output.
- We believe there have been early signs of the market broadening and any continuation of that is supportive of a more positive outlook.

Figure 3: S&P 500® Index Relative to the Magnificent 7

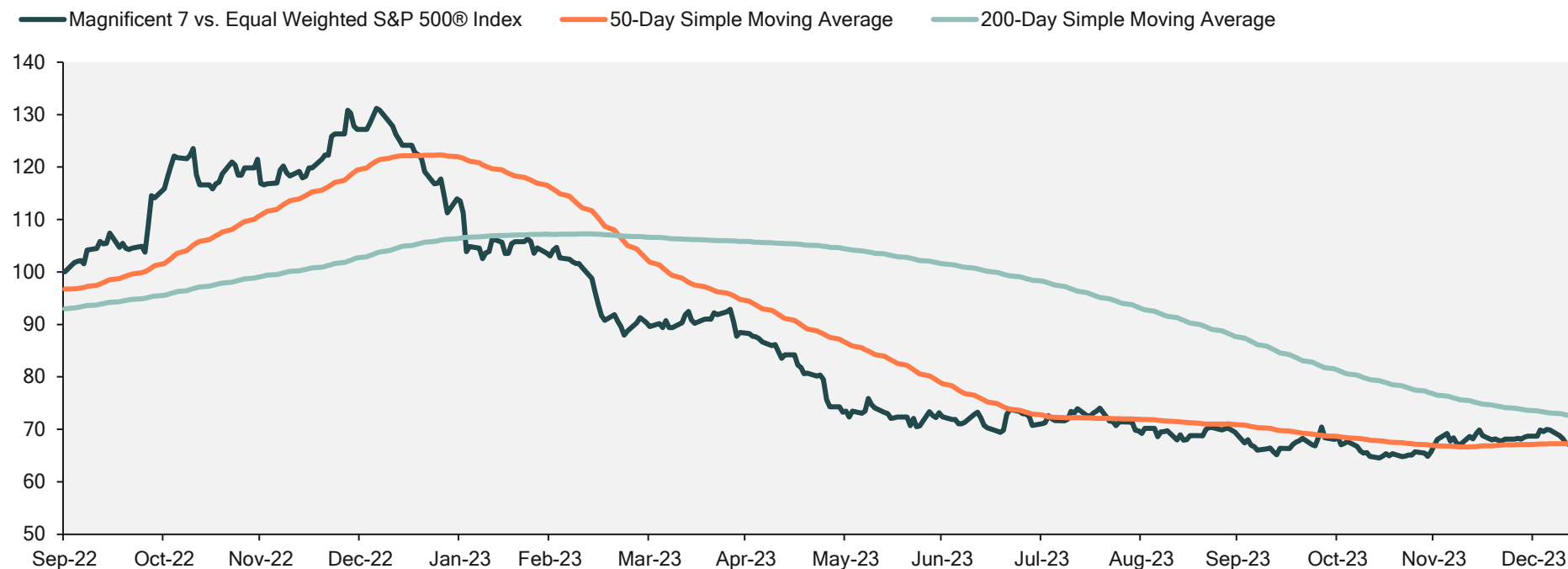


Figure 3 data is as of January 11, 2024, is obtained from Strategas and is assumed to be reliable. This information is being provided by Kayne Anderson Rudnick Investment Management, LLC ("KAR") for illustrative purposes only. This Information is not intended by KAR to be interpreted as investment advice, a recommendation or solicitation to purchase securities, or a recommendation of a particular course of action and has not been updated since the date listed, and KAR does not undertake to update the information presented. KAR makes no warranty as to the accuracy or reliability of the information contained herein. The Magnificent 7 is comprised of Alphabet, Amazon, Apple, Meta Platforms, Microsoft, NVIDIA, and Tesla. The S&P 500® Index is a free-float market capitalization-weighted index of 500 of the largest U.S. companies. The index is calculated on a total return basis with dividends reinvested. The index is unmanaged, its returns do not reflect any fees, expenses, or sales charges, and is not available for direct investment. A simple moving average (SMA) is an arithmetic moving average calculated by adding recent prices and then dividing that figure by the number of time periods in the calculation average. **Past performance is no guarantee of future results.**

- Overall, we believe equity valuations appear fair, but there is greater divergence by style and by size.
- The breadth of quality within small and mid-cap companies is wide and we believe active management is important in these asset classes.

Figure 4: P/E Relative to Past 25 Years

Large Cap Expensive, Mid and Small Caps Attractive

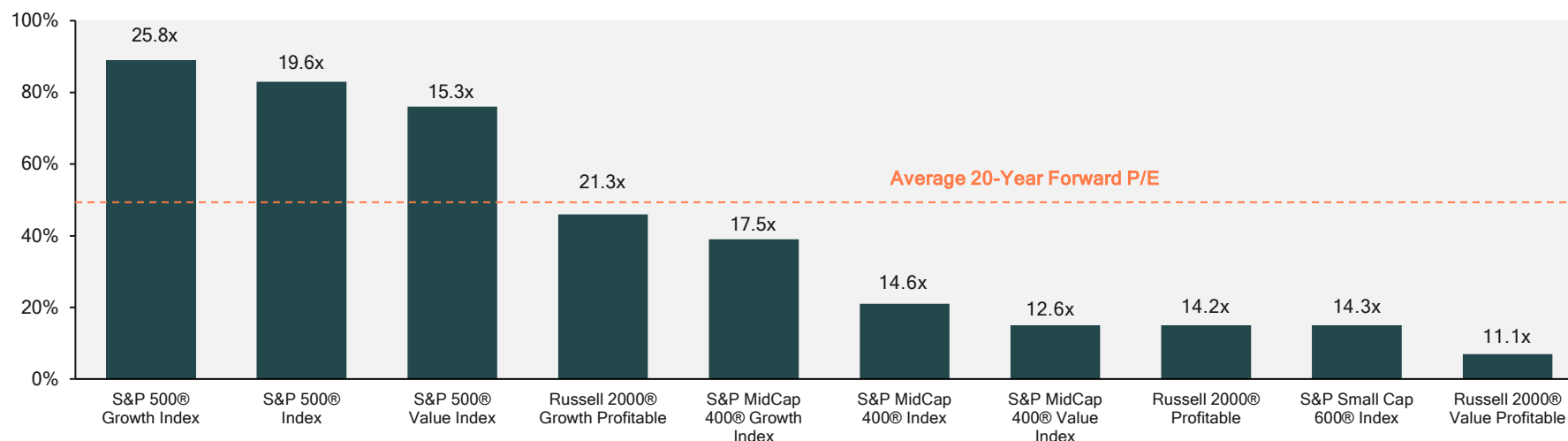


Figure 4 data as of January 12, 2024. Data is obtained from systems believed by KAR to be reliable. Russell indexes use TTM P/E and exclude negative earners. Forward price-to-earnings (forward P/E) is a version of the ratio of price-to-earnings (P/E) that uses forecasted earnings for the P/E calculation. The price-to-earnings ratio is the ratio for valuing a company that measures its current share price relative to its earnings per share (EPS). The information provided in this chart is for illustrative purposes only. This material is not intended to be relied upon as a forecast, research or investment advice, and is not a recommendation, offer, or solicitation to buy or sell any securities or to adopt any investment strategy. KAR does not undertake to update the information presented. The S&P 500® Growth Index measures growth stocks using three factors: sales growth, the ratio of earnings change to price, and momentum. S&P Style Indices divide the complete market capitalization of each parent index into growth and value segments. Constituents are drawn from the S&P 500® Index. The S&P 500® Index is a free-float market capitalization-weighted index of 500 of the largest U.S. companies. The S&P 500® Value Index measures value stocks using three factors: the ratios of book value, earnings, and sales to price. S&P Style Indices divide the complete market capitalization of each parent index into growth and value segments. Constituents are drawn from the S&P 500® 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 Russell 2000® Growth Index is a market capitalization-weighted index of growth-oriented stocks of the smallest 2,000 companies in the Russell Universe, which comprises the 3,000 largest U.S. companies. The Russell 2000® Value Index is a market capitalization-weighted index of value-oriented stocks of the smallest 2,000 companies in the Russell Universe, which comprises the 3,000 largest U.S. companies. "Profitable" indices use trailing 12-months P/E and exclude negative earners. The S&P Mid Cap 400® Growth Index measures growth stocks using three factors: sales growth, the ratio of earnings change to price, and momentum. S&P Style Indices divide the complete market capitalization of each parent index into growth and value segments. Constituents are drawn from the S&P Mid Cap 400® Value Index. The S&P Mid Cap 400® provides investors with a benchmark for mid-sized companies. The index, which is distinct from the large-cap S&P 500®, is designed to measure the performance of 400 mid-sized companies, reflecting the distinctive risk and return characteristics of this market segment. The S&P SmallCap 600® seeks to measure the small-cap segment of the U.S. equity market. The index is designed to track companies that meet specific inclusion criteria to ensure that they are liquid and financially viable. The indices are calculated on a total return basis with dividends reinvested. The indices are unmanaged, their returns do not reflect any fees, expenses, or sales charges, and they are not available for direct investment.

Past performance is no guarantee of future results.

Market Commentary

Valuations of High Quality vs. Low Quality Stocks



Kayne Anderson Rudnick
Investment Management

- High quality stocks do not appear to be receiving the typical premium they enjoy and in our view many quality names appear reasonably priced.
- We believe higher quality names that are not dependent on capital markets for funding are better positioned to protect for unforeseen risks.

Figure 5: High Quality vs. Low Quality Price to Earnings Ratio
Russell 1000® Index vs. Russell 2000® Index

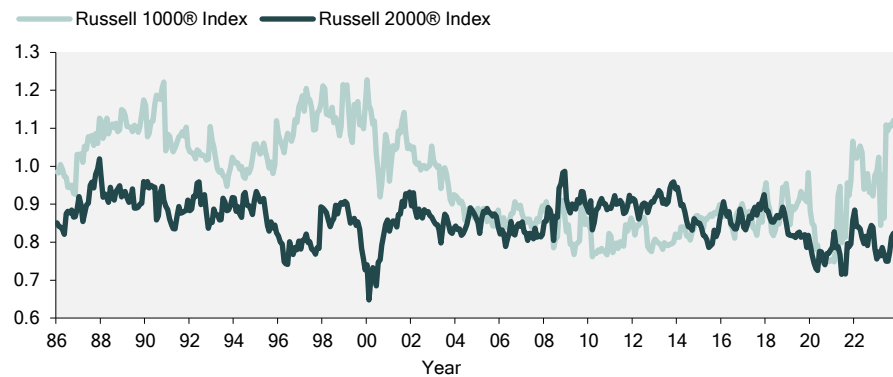


Figure 6: High Quality vs. Low Quality Price to Book Ratio
Russell 1000® Index vs. Russell 2000® Index

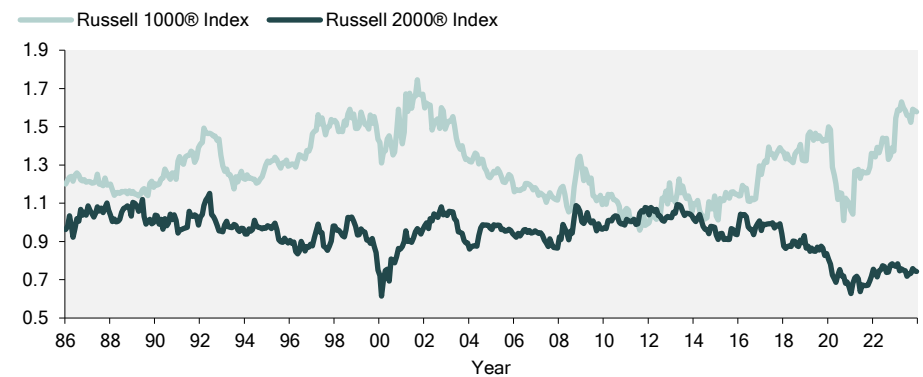
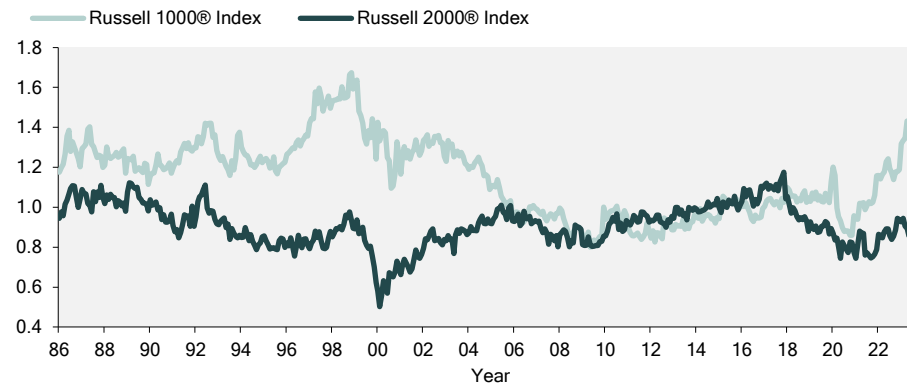


Figure 7: High Quality vs. Low Quality Price to Sales Ratio
Russell 1000® Index vs. Russell 2000® Index



Data as of December 31, 2023, is obtained from FactSet and is assumed to be reliable. High Quality is defined as stocks with a quality ranking of B+ or higher. Low Quality is defined as stocks with a quality ranking of B or less. The Russell 1000® Index measures the performance of the large-cap segment of the US equity universe. It is a subset of the Russell 3000® Index and includes approximately 1,000 of the largest securities based on a combination of their market cap and current index membership. 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 indices are calculated on a total return basis with dividends reinvested. The indices are unmanaged, their returns do not reflect any fees, expenses, or sales charges, and they are not available for direct investment.

Past performance is no guarantee of future results.

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

Sector Weights

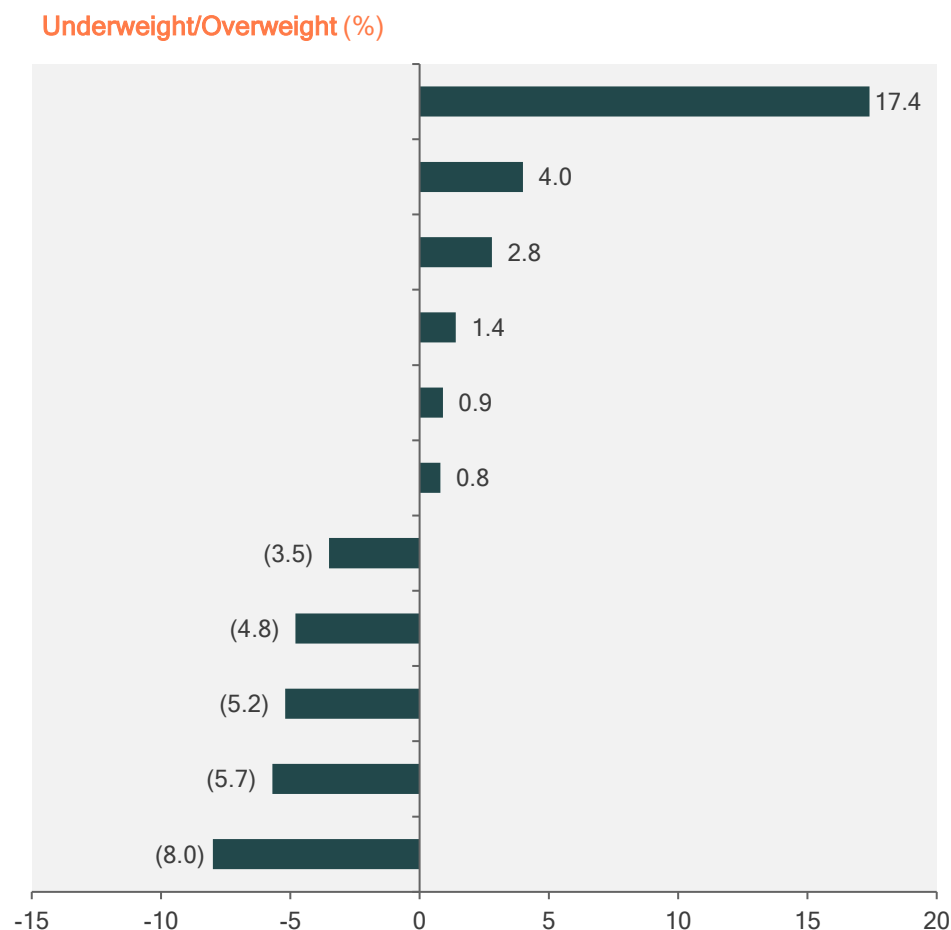
Mid Cap Core Portfolio

As of December 31, 2023



Kayne Anderson Rudnick
Investment Management

Sectors	KAR Mid Cap Core (%)	Russell Midcap® Index (%)
Industrials	36.6	19.1
Information Technology	17.3	13.4
Health Care	13.0	10.3
Financials	17.2	15.7
Consumer Staples	4.3	3.5
Consumer Discretionary	11.5	10.7
Communication Services	—	3.5
Energy	—	4.8
Utilities	—	5.2
Materials	—	5.7
Real Estate	—	8.0



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, 2023



Kayne Anderson Rudnick
Investment Management

Top 10 Holdings	GICS Sector	% of Portfolio
AMETEK	Industrials	6.1
Cooper Companies	Health Care	4.5
Monolithic Power Systems	Information Technology	4.5
POOLCORP	Consumer Discretionary	4.4
Lamb Weston	Consumer Staples	4.3
Azenta	Health Care	4.3
West Pharmaceutical Services	Health Care	4.2
Ross Stores	Consumer Discretionary	4.2
Houlihan Lokey	Financials	3.9
Lennox International	Industrials	3.9
Total		44.3

Research confidence leads to large active weights

	KAR Mid Cap Core	Russell Midcap® Index
# of Holdings	30	814
Average Position Size (%)	3.3	0.1
Weight of Top Ten Holdings (%)	44.3	5.2
Active Share (%)	94.9	—

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 12/31/23	Gross (%)	Net (%)	Index (%)	Excess Return - Net (bps)
Fourth Quarter	11.94	11.13	12.82	(169)
1 Year	23.79	20.18	17.23	296
3 Years	7.90	4.72	5.92	(120)
5 Years	16.04	12.64	12.68	(4)
7 Years	14.48	11.13	10.07	106
10 Years	13.48	10.15	9.42	73
Since Inception*	10.60	7.36	8.94	(158)

*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 final. 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, medium, or large-sized companies may enhance that risk. **Industrial Concentration:** Because the portfolio is presently heavily weighted in the industrial sector, it will be impacted by that sector's performance more than a portfolio with broader sector diversification. **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:** The value of the securities in the portfolio may go up or down in response to the prospects of individual companies and/or general economic conditions. Local, regional, or global events such as war or military conflict, terrorism, pandemic, or recession could impact the portfolio, including hampering the ability of the portfolio's manager(s) to invest its assets as intended.

Calendar Year Performance

Periods Ending 12/31	Gross (%)	Net (%)	Index (%)	Excess Return - Net (bps)
2023	23.79	20.18	17.23	296
2022	(19.24)	(21.67)	(17.32)	(436)
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

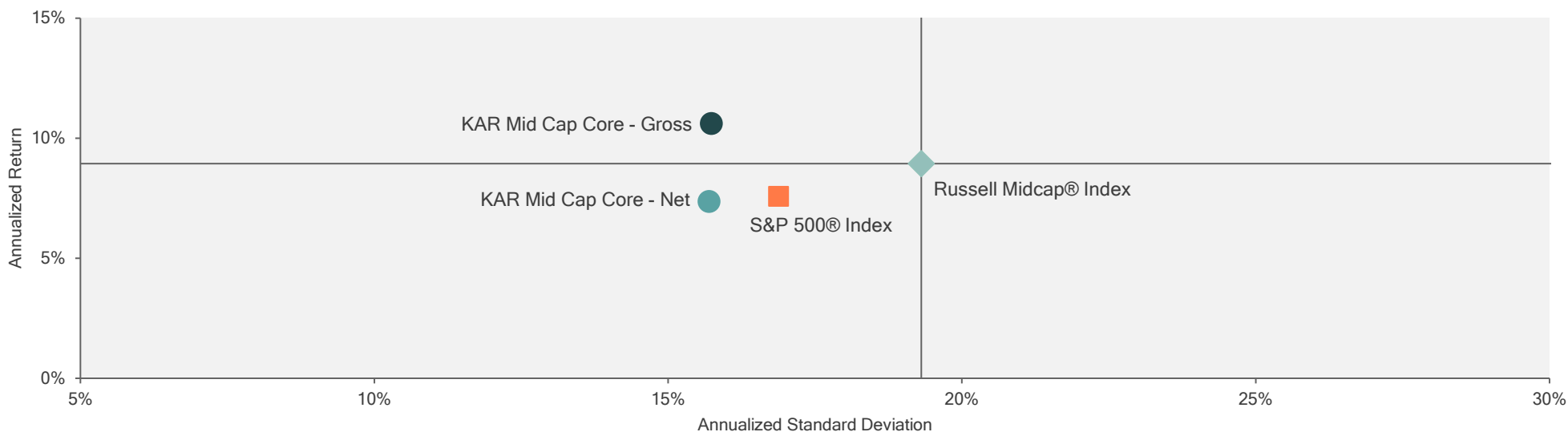
Inception* to December 31, 2023



Kayne Anderson Rudnick
Investment Management

Meaningful Excess Return with Lower Volatility

Annualized Since Inception*



Performance Statistics

Annualized Since Inception*

	Annualized Return (%)	Alpha (%)	Sharpe Ratio	Information Ratio	Tracking Error	Standard Deviation (%)	Beta	Downside Capture
KAR Mid Cap Core - Gross	10.60	3.01	0.56	0.23	7.10	15.74	0.76	69.05
KAR Mid Cap Core - Net	7.36	(0.04)	0.36	(0.22)	7.11	15.70	0.76	77.46
Russell Midcap® Index	8.94	0.00	0.37	N/A	N/A	19.31	1.00	100.00

*January 1, 2000

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Peer Comparison

Mid Cap Core Portfolio

Ten Years Ending December 31, 2023



Kayne Anderson Rudnick
Investment Management



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

The eVestment Mid Cap Core Universe includes 43 managers categorized in the mid cap core asset class by eVestment. KAR does not pay any fees to be included in the eVestment Mid Cap Core Universe or for the ranking itself. KAR does pay fees for the use of certain products and services provided by eVestment. eVestment rankings are based on gross of fee returns. Gross of fee returns will be reduced by investment managements fees and other expenses that may be incurred in the management of the account. Management fees are described in KAR's Form ADV Part 2A, which is available upon request and can also be found at <https://kayne.com/wp-content/uploads/ADV-Part-2A.pdf>. Returns could be reduced or losses incurred due to currency fluctuations.

Past performance is no guarantee of future results.

Disclosure

Mid Cap Core (Wrap) Composite



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)
2013	28.48	24.75	34.76	12.48	14.23	6	0.28	12	7,841
2014	17.88	14.43	13.22	10.27	10.29	5	0.16	7	7,989
2015	3.87	0.80	(2.44)	11.94	11.00	5	N/A	7	8,095
2016	12.24	8.95	13.80	12.33	11.72	5	0.14	9	9,989
2017	26.60	22.92	18.52	10.79	10.51	< 5	N/A	9	14,609
2018	(3.24)	(6.11)	(9.06)	11.37	12.15	6	N/A	15	17,840
2019	32.71	28.87	30.54	12.56	13.08	< 5	N/A	20	25,685
2020	26.22	22.55	17.10	19.10	22.13	< 5	N/A	15	39,582
2021	25.64	21.99	22.58	17.89	20.84	13	N/A	25	47,269
2022	(19.24)	(21.67)	(17.32)	21.27	23.95	26	0.34	23	33,531

*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, 2022.

A firm that claims compliance with the GIPS standards must establish policies and procedures for complying with all the applicable requirements of the GIPS standards. Verification provides assurance on whether the firm's policies and procedures related to composite, as well as the calculation, presentation, and distribution of performance, have been designed in compliance with the GIPS standards and have been implemented on a firm-wide basis.

The Mid Cap Core Wrap Composite has had a performance examination for the period from January 1, 2000 through December 31, 2022. The verification and performance examination reports are available upon request.

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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.